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# ***Daily Report***

## **China**

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# Daily Report

## China

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15 September 1993

NOTICE TO READERS: An \* indicates material not disseminated in electronic form.

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## General

### Article Says U.S. Shows 'Contempt' for Olympic Spirit

HK1509085493 Beijing CHINA DAILY (Beijing-2000 OLYMPIC SUPPLEMENT) in English 15 Sep 93 p 4

[Article by T.S. Lo, "chairman of the weekly Hong Kong newsmagazine WINDOW and adviser on Hong Kong Affairs": "U.S. 'Shows Contempt for Olympic Spirit'"]

[Text] The case for entrusting the Olympic Games in the year 2000 to the city of Beijing is very strong.

To frustrate Beijing now for political or economic reasons is to cut deeply into the Olympic spirit. The sufferer ultimately will not be China but the whole world.

But the U.S. Government and members of Congress are trying to do just that.

From the very beginning there was a tendency for governments to politicize the games, and the government of the strongest nation of the day has frequently been tempted to influence how they run. Sixteen hundred years ago they were even abolished—not by the Greeks, who had originated and nurtured the Olympic spirit for over 600 years, but by the Roman Emperor in AD 394. Rome was omnipotent then, but less than 100 years after it abolished the games the Roman Empire itself came to an end.

When the games were revived in 1896, it was not through the efforts of a government but thanks to one private individual, Baron Pierre de Coubertin.

As an educator and scholar he concluded that nothing but good could result if athletes of all countries were to be brought together once every four years on the friendly fields of amateur sport—ignoring national rivalries and animosities and eliminating any consideration of politics, race, religion, wealth and social status.

What a noble dream he had! How saddened he would be to learn that only 97 years after his first Olympics, six out of the seven most economically powerful nations in the world, the G-7, would secretly agree to try to wield their great influence upon the members of the Olympic Committee in an effort to slow down China's economic growth (WINDOW, 9 April 1993, page 64).

The 19th century foster fathers of the games naturally anticipated government interference. The direction of the Olympic movement and the regulation of the games were therefore vested in a unique organization, whose members are required not to accept any instructions from any other organization or from their countries that might bind them or interfere with the independence of their votes.

In the face of this, any government that deliberately tries to influence a decision of these members shows contempt for the Olympic spirit. To discredit China before Olympic Committee members cast their vote on September 23 required orchestration.

Having railroaded the secret G-7 preparatory meeting in Tokyo into supporting efforts to slow down China's economic progress, it made high-profile allegations of a chemical weapons shipment to Iran; loudly accused China of selling M-11 missile components to Pakistan; and then trotted out the Dalai Lama, orchestrated the immigration and passport fracas in Hong Kong over the Han Dongfeng affair, and threatened unilaterally to cut quotas for Chinese textile export to the U.S.

Fortunately for China and the rest of the world, the moves mostly boomeranged.

It is very saddening to see how the great have fallen. To the outside world when it was first founded, America was a land of hope. It was free and high-principled.

Most of us outside can see that years of American racial suppression have led inevitably to increasing racial conflict, cracks in its economy, deterioration in living standards, and shattered social order. We feel the country's panic in the air.

However, to deprive Beijing of holding the Olympics will not slow down the economic growth of China. Nor would such a slowdown provide any answer to America's ills.

Let Congress do the greatest deed of its history. Let it admit that Resolution 188 was a bad mistake and make amends by throwing its whole weight behind Beijing's bid.

That would be a noble act, one that would make men proud to belong to the twentieth century.

### Qian Qichen Writes Samaranch on 'Olympism' Proposal

OW1509084693 Beijing XINHUA in English 0818 GMT 15 Sep 93

[Text] Beijing, September 15 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen said that the Chinese Government wholeheartedly supports an IOC [International Olympic Committee] proposal to make 1994 "the year of sport and Olympism."

Following is the text of Qian's letter to International Olympic Committee President Juan Antonio Samaranch on September 10, 1993:

Thank you for your letters respectively addressed to President Jiang Zemin, Premier Li Peng and myself in May this year. I have the honour to hereby extend on behalf of the Chinese Government the positive response to and wholehearted support for IOC's appeal for an Olympic truce and its initiative to make 1994 "the year of sport and Olympism."

Peace and development are the two themes of the world today. All the 5 billion and more inhabitants of our planet are yearning for a better world of enduring peace. To our regret, however, many parts of the world are still being ravaged by fightings with millions of people languishing in untold physical and mental sufferings.

The International Olympic Committee, upholding the purposes of the Olympic movement and dedicated to the

lofty and sacred cause of world peace, has launched an appeal for an Olympic truce and proposed that the United Nations General Assembly proclaim 1994 as "the year of sport and olympism."

This initiative accords with the interests of the people of all lands and is of practical importance to the peace process in the world. I am convinced that it will be endorsed and supported by all the peace-loving and justice upholding countries and peoples across the world.

Please accept, Mr. President, the assurances of my highest consideration.

### **Li Lanqing Interviewed by LE FIGARO Correspondent**

#### **Optimistic on Beijing's Olympic Bid**

*OW1409092793 Beijing XINHUA in English 0842  
GMT 14 Sep 93*

[Text] Beijing, September 14 (XINHUA)—Chinese Vice-Premier Li Lanqing told a French journalist that he has confidence in the success of Beijing's bid for the Olympic games in the year 2000.

Li was appointed honorary chairman of a 200-member Beijing delegation last week, which is soon to leave for Monte Carlo.

In an interview on September 11 with Du Sablon, LE FIGARO correspondent in Beijing, Li said that when in Monte Carlo, he will make assorted guarantees to the International Olympic Committee on behalf of the Chinese Government to support Beijing's bid for the games.

"I and all the delegation members, like athletes in a major international competition, are resolved to go all out to win gold medals. I am confident that Beijing will succeed in its bid for the games," he said.

He described the Olympics as a noble cause, having an important impact on enhancing the friendship among the peoples of various countries, promoting cultural exchanges and safeguarding world peace.

Li cited the Chinese Government and people's full support as one of Beijing's advantages in its bid for the games. He said his delegation will exert every effort to explain China's support to the International Olympic Committee.

He said that China has never hosted the Olympic games. Given such a chance, Beijing will seize the opportunity to popularize the Olympic spirit among the nearly 1.2 billion Chinese people who will be involved. That will also represent China's active contributions to the Olympic movement, he added.

He continued that as China is a country with a 5,000-year-old splendid culture, Olympic games in the Chinese capital will provide a good opportunity for cultural exchanges between the East and the West, as well for China and the world to gain a better understanding of each other.

### **Discusses Sino-French Relations**

*OW1409094193 Beijing XINHUA in English 0925  
GMT 14 Sep 93*

[Text] Beijing, September 14 (XINHUA)—Chinese Vice-Premier Li Lanqing urged France to "take a wise policy toward China" so as to help restore and promote Sino-French trade and economic ties.

Li made the call on September 11 in an interview with Du Sablon, LE FIGARO correspondent in Beijing.

He said that Sino-French trade has now fallen far behind the average trade growth between China and other countries within the European Community.

Discussing reasons for the slow-down, Li said that the blame should go to France which has made troubles in dealing with China in recent years.

He particularly pointed out that the former French Government, in disregard of the Chinese Government's firm representation and opposition, flagrantly approved the sale of fighter airplanes to China's Taiwan Province, thus seriously undermining the basis of Sino-French ties and hurting the Chinese people's feelings.

He reaffirmed that China has all along attached importance to its ties with France.

"We hope that the present French Government, in the light of the long-term interests of China and France, will adopt a wise policy toward China and eliminate the political obstacles affecting Sino-French ties so as to enable the trade and economic relations between the two countries to be restored and to grow again," Li said.

### **Notes 'Importance' of European Ties**

*OW1409102893 Beijing XINHUA in English 1013  
GMT 14 Sep 93*

[Text] Beijing, September 14 (XINHUA)—Vice-Premier Li Lanqing was optimistic that trade and economic cooperation between China and Western Europe will continue to grow as long as the two sides abide by the principles of mutual respect, equality, mutual benefit and sincere cooperation.

In an interview with Du Sablon, LE FIGARO correspondent in Beijing, Li said that China has always attached importance to its economic ties with Europe, which have been growing rapidly during the past decade and more.

Li said Chinese customs department figures showed that the trade volume between China and the West European countries reached 19.9 billion U.S. dollars in 1992, an increase of 15 percent over 1991. This year's January-July figure topped 14 billion U.S. dollars, representing a 42 percent increase over the same period last year.

He noted that West European countries have invested in a number of industrial enterprises in China.

He pointed out that economic cooperation and trade between China and Western Europe are beneficial to both

sides and have broad prospects for further growth as they have a big potential and the two sides are supplementary to each other economically.

Therefore, to protect and expand such economic ties accords with the fundamental interests of the two sides, he stressed.

#### **Comments on Economic Development**

*OW1409102293 Beijing XINHUA in English 1006  
GMT 14 Sep 93*

[Text] Beijing, September 14 (XINHUA)—Chinese Vice-Premier Li Lanqing said here that China is capable of developing its economy in a sustained and healthy way.

During a recent interview with Du Sablon, the Beijing-based correspondent of the French newspaper LE FIGARO, Li said that the Chinese economy has experienced drastic growth since the implementation of the policies of reform and opening to the outside world in the late 1970s, with a big improvement in the people's living standards.

The country's trade and economic relations with foreign countries have also maintained their growth momentum, Li said, adding that China's status has moved ahead from the 32nd position in 1978 to the 11th last year in the world trade list.

China is increasingly realizing its market potential, the vice-premier said, and the total volume of its imports during the Eighth Five-Year Plan Period (1991-95) will surpass the targeted 300 billion U.S. dollars.

On the other hand, he said, China is still a developing country and great efforts have to be made for another two generations to bring the country's per capita GNP close to that of middle-range developed countries. China's growth is a factor in maintaining world peace and stability and this has been proved, he pointed out.

He said that China's socialist market economy is a kind of an economy under macro-control.

The ways to address the problems China has come across in its economy is to deepen the reform, the vice-premier said, and China is currently carrying out reforms of its finance, monetary, taxation, foreign trade and control of foreign exchange systems.

On the results of China's stress on macro-control, Li said that initial achievements have been made, which are well demonstrated by the facts of the cooling-down of the over-heated economy.

He said that as the policies of macro-control are being further implemented, there will be a guarantee of a sustained and healthy development of China's economy.

#### **Outlines Steps To Advance Education**

*OW1409103593 Beijing XINHUA in English 1022  
GMT 14 Sep 93*

[Text] Beijing, September 14 (XINHUA)—Vice-Premier Li Lanqing said that China will take a number of measures to push forward education which is falling behind.

In an interview with LE FIGARO correspondent in Beijing last week, he noted that China has achieved unprecedented successes in promoting education in the past four decades and more, particularly during the last 15 years since China adopted the policy of reform and opening up.

To accelerate the development of China's education, Li said that the government will take the following measures:

- To urge leading officials at various levels to see the strategic importance of education in China's modernization drive so that they will put more investment into education. Deng Xiaoping once stressed that education must be ensured even at the expense of other endeavors.
- To build a new system in which the government takes the main responsibility in running schools with various sections of society joining up, namely, money will come mainly from government allocations while more channels will be opened up to finance education. A policy will be adopted to encourage and guide individuals and the collectives to run schools.
- To lift teachers' status in society by improving their working, living and studying conditions and to give them more pay.

Li pointed out that to solve the problems in China's education, the crux lies in speeding up economic development. Education now has a better material basis as China's economy is growing fast and a socialist market economy is taking shape. The new situation provides a good opportunity for the reform and development of education.

"Therefore, I have full confidence that China's education will be pulled out of backwardness," said Li.

#### **Mideast Developments, Israeli-PLO Accord Viewed**

##### **Spokesman 'Welcomes' Signing**

*OW1509040893 Beijing XINHUA in English 0351  
GMT 15 Sep 93*

[Text] Beijing, September 15 (XINHUA)—China welcomes the signing of the Gaza-Jericho autonomy accord by the Palestine Liberation Organization (PLO) and Israel in Washington, a Chinese Foreign Ministry spokesman said here today.

When asked by correspondents to comment on the signing of the accord, the spokesman said that "the accord on Gaza-Jericho autonomy first signed by PLO and Israel marked a breakthrough in the Middle East peace process.

He noted that "it is a major step toward the realization of the comprehensive peace and justice in the Middle East and the peaceful co-existence of the Arab and Jewish nations."

"We welcome this development and appreciate the wise and pragmatic position of the Palestinian and Israeli leaders," he said.

"However, a comprehensive and just settlement of the Middle East issue remains an arduous task. We hope that the parties concerned will continue their efforts to this end," the spokesman added.

#### **'Commentary' Sees Peace 'Milestone'**

*OW1409065293 Beijing XINHUA Domestic Service in Chinese 0342 GMT 14 Sep 93*

["Commentary" by XINHUA reporter Xia Haitao (1115 3189 3447): "Another Milestone in Middle East Peace"]

[Text] Cairo, 14 Sep (XINHUA)—Palestine and Israel signed a declaration of principles for Palestinian autonomy in Washington on 13 September. 'Arafat, chairman of the PLO Executive Committee, and Israeli Prime Minister Rabin finally stood together, shook hands, and made up. Thus, the history of Palestinian-Israeli relations, a history full of blood and tears, turned a new gratifying page, and the disaster-ridden Middle East peace is expected to gain new impetus.

The process toward Middle East peace has been tortuous and difficult. Egyptian President al-Sadat and Israeli Prime Minister Begin signed the "Camp David Accords" on the same desk 15 years ago. Thus, Egypt and Israel made peace and recognized each other, and Israel returned the Sinai Peninsula to Egypt; however, reconciliation was then limited to only Egypt and Israel and failed to extend to relations between Israel and other Arab states.

As a result of the Soviet Union's disintegration and the Gulf War, international and regional factors affecting the situation in the Middle East drastically changed. In October 1991, the parties in the Arab-Israeli conflict, which had confronted one another for nearly half a century, attended the Madrid negotiations. Thus, the Middle East peace talks entered a macro-climate.

The Israeli Labor Party came to power in July 1992. After assessing the situation, the Arabs and Israelis readjusted their own principles and tactics for peace talks. Israel expressed its willingness to return its occupied territories step-by-step, and it held secret talks with the PLO. Palestine and Israel finally reached agreement on autonomy for the Gaza Strip and Jericho and recognized each other, bringing about a historic turn in Arab-Israeli peace talks. The Arab world and the international community generally welcome this turn.

In any country or region in the world today, peace leads to stability and war results in chaos; in a situation with no war and no peace, everything is difficult to accomplish. The Arab-Israeli confrontation has lasted for decades, during which bloody tragedies frequently occurred and opportunities for development were lost one after another.

So Arab and Israeli personages with breadth of vision began to realize that it was of great urgency to correct such an historic mistake. Now Palestine and Israel have finally taken a decisive step toward the road of reconciliation and peace. This is a major and positive development in the Middle East—one that is bound to produce far-reaching influence on Arab-Israeli relations and the Middle East situation as a whole.

A price must also be paid for peace. Impartially speaking, Palestine has made more concessions. Palestinian and Israeli ancestors lived on the lands of Palestine and what is now Israel, and both Palestinians and Israelis have the right to build their homes and countries there. Although Israel has been established for a long time, Palestinians have lived under military occupation or have been wandering destitute far from home. To achieve a breakthrough in peace talks, however, Palestine took the overall situation into account, tackled easier tasks while avoiding difficult ones, agreed to practice transitional autonomy, and left the building of a Palestinian state on the occupied territories to future discussions, thus reaching an agreement and paving the way for peace. Most Palestinians in the Gaza Strip and Jericho support the autonomy plan, which shows that peace coincides with people's aspirations. In the future, many obstacles and difficulties may still be encountered in thoroughly solving the Palestinian issue or settling disputes between Israel and Arab states, but as long as both sides take a realistic [wu shi de 0523 1395 4104] attitude, conscientiously hold negotiations, and compromise and make concessions to each other, a complete, just, and lasting peace can certainly be achieved in the Middle East.

#### **'Commentary' Notes 'Landmark Event'**

*HK1409062593 Beijing CHINA DAILY in English 13 Sep 93 p 4*

["Commentary": "Mideast Breakthrough"]

[Text] The Palestine Liberation Organization (PLO) and Israel have finally agreed to immediate mutual recognition. This is a landmark event in the Middle East peace process.

In an agreement signed by Israeli Prime Minister Yitzhak Rabin on Friday, Israel acknowledged the PLO as the representative of the Palestinian people, while PLO leader Yasir 'Arafat signed the document on the same day, recognizing the Jewish state's right to exist in peace and security and renouncing violence against it.

This agreement having been reached, both parties will, according to schedule, meet in Washington today to officially finalize the whole deal they have so far struck. A prominent feature of it is the "Gaza-Jericho first" plan, which gives Palestinians limited self-rule in the Gaza Strip and West Bank oasis town of Jericho, occupied by Israel since the 1967 Middle East War.

For decades, the two sides were implacable foes, locked in relentless struggles at the cost of much bloodshed and misery of their two peoples.



Israel called the PLO a "terrorist group" and banned any contact with the organization. Meanwhile, the PLO in its charter vowed to destroy the Jewish state.

Now a breakthrough has been made in the long-drawn out, complicated and danger-fraught Arab-Israeli relations.

Evidently, the agreement indicates that at least the former bitter foes are willing, from now on, to proceed with the settlement of the remaining and new problems between them in a peaceful and earnest manner.

It seems that the change—or readjustment—in the approach of both parties towards the issue has come about first of all because of the changed world context. Any continued stiff confrontation between the two can no longer hope for backing from the outside world as before.

Besides, both the Israeli Labour Party-led government and the PLO are aware that their difficulties, which are burdensome now, will mount unless the status quo undergoes change.

They realize that a peace arrangement through mutual concessions is to their best advantage. It is certainly wise and courageous for the PLO leaders and Rabin government to bring about the breakthrough, even though they are confronted with some opposition both from inside and outside.

However, the fundamental reason for the great change lies in the strong desire of the overwhelming majority of the rank-and-file Jewish and Palestinian people for peace.

They have had more than enough misery and hardship that the long years of war and unrest have inflicted on them. But for their firm support, as demonstrated in various ways, the peace process could not have moved forward so fast.

Their efforts have obviously won support from the majority of Arab countries and world community. Tribute should also be paid to the Norwegians, who have played an important role in bringing the two together at the table.

The newly sealed agreement, though important, is after all only the first positive step forward. The final settlement of all the complicated problems involving Israel and the Arab world may still take some time and much concerted effort.

However, if the most knotty of them has been well handled, it can be reasonably hoped that all the others can be duly solved—so long as both sides display a spirit of reconciliation and mutual understanding in talks.

No one predicts plain sailing up to the complete settlement of the Middle East question. There are still bound to be bumpy roads, zigzags and even setbacks. But as so propitious a beginning has now been made, it is justified to envisage the future with a great measure of optimism.

## Reportage on Cooperation Consultations With ASEAN

### Song Jian Meets ASEAN Secretary General

OW1309124793 Beijing XINHUA in English 1238  
GMT 13 Sep 93

[Text] Beijing, September 13 (XINHUA)—Chinese State Councillor Song Jian said here today that China is willing to share achievements in scientific and technological field with member countries of the association of south-east Asian nations (ASEAN).

Song called on China and ASEAN to make good use of their special advantages and carry out co-operation in the fields of science and technology.

Song, who is also minister in charge of the State Science and Technology Commission, made the remarks in a meeting with visiting ASEAN secretary-general Ajit Singh here this afternoon.

Singh arrived in Beijing yesterday to attend initial consultations on economic, trade, scientific and technological co-operation between China and the association. Singh, secretary-general of ASEAN, is the group's first official to visit China.

Song stated that each member of ASEAN is not only a close neighbor, but also shares traditional ties of friendship with China.

We are happy to see that great progress has been made in Sino-ASEAN friendship and co-operative relations, Song said.

Song said that ASEAN, an active regional organization, is playing an increasingly important role in international and regional issues, adding that China and ASEAN share many common views in this regard.

He said China and the ASEAN nations are facing similar tasks in developing their national economies.

Song said that trade relations between China and ASEAN have progressed greatly. He said that to safeguard regional stability and prosperity, and to promote mutual investments and economic and trade co-operation, China and ASEAN states sides should open their markets on the basis of equality, mutual benefit and joint development.

Singh said that both ASEAN and China have made great progress in economic development, and added that co-operation in economy, trade, science and technology has developed quickly.

He said that China is an important neighbor and that ASEAN attaches great importance to China's role in the region. The fact that China has taken part in ASEAN talks is very significant to regional peace and stability, Singh added.

Singh said that under the new world situation, ASEAN and China should conduct long-term and effective co-operation to promote regional prosperity and stability.

**Joint Press Statement Issued**

*OW1409110693 Beijing XINHUA in English 1044  
GMT 14 Sep 93*

[Text] Beijing, September 14 (XINHUA)—China and the Association of Southeast Asian Nations (ASEAN) issued a joint press statement here today on the initial Sino-ASEAN consultations on economic, trade, scientific and technological cooperation.

The consultations began yesterday and concluded here this morning.

According to the press statement, the two sides have agreed to establish two joint committees, one on economic and trade cooperation and the other on scientific and technological cooperation.

The committees shall assume the following functions: to review the state of the economic, trade, scientific and technological cooperation between China and ASEAN; to consider and recommend ways for further expansion of economic, trade, scientific and technological cooperation; and to discuss regional and international economic issues of common concern.

The two joint committees shall hold regular meetings alternately in China and ASEAN, the statement said.

The statement added that exploratory talks between China and ASEAN reached broad understanding.

The statement said that the two sides believed that the present stability and dynamic economic growth of the Asia-Pacific region provide a good opportunity for the development of China and ASEAN and their mutual cooperation, which shows great potential for development.

The two sides expressed their readiness to make energetic efforts to further intensify friendly relations and cooperation between China and ASEAN.

The statement stressed that the consultative relationship between China and ASEAN is based on equality, mutual benefit and common development without prejudice to the bilateral relations between China and the member states of ASEAN.

According to the statement, the two sides held counterpart talks on the economy and trade as well as scientific and technological cooperation.

During the talks on economic and trade cooperation, the two sides exchanged views on topics that could be discussed by the joint committee on economic and trade cooperation. They also reached an understanding on the level of representation, the form of consultation and the institutions in China and ASEAN that would serve the joint committee.

During the talks on scientific and technological cooperation, the statement said, the two sides agreed to set up a preparatory working group to draw up the terms of reference, composition and working mechanisms of the joint committee on scientific and technological cooperation. The two sides also discussed scientific and technological cooperation projects.

In the statement, the two sides also expressed satisfaction with the results achieved during ASEAN Secretary-General Ajit Singh's visit to China.

After the consultations this morning, Chinese Vice Foreign Minister Tang Jiaxuan and Singh jointly held a press conference. During the conference, they answered questions concerning Sino-ASEAN economic, trade, scientific and technological cooperation, the Asia Pacific economic cooperation conference which is to be held in Seattle, in the U.S., and South China Sea issues.

**China Joins World Intellectual Property Organization**

*HK1409071893 Beijing CHINA DAILY in English  
14 Sep 93 p 2*

[By staff reporter Yuan Zhou: "China Commits Itself to a Patent Treaty"]

[Text] China yesterday formally committed itself to joining a major international treaty on patent rights.

The move was immediately hailed by local officials as a "milestone" in the country's endeavour to provide intellectual property protection.

At an international symposium in Beijing, Vice-Foreign Minister Liu Huaqiu presented an instrument of accession to a top official of the World Intellectual Property Organization (WIPO).

The Beijing International Symposium on the Patent Cooperation Treaty and China drew more than 200 patent officials from governments and organizations.

Gao Lulin, Director of the China Patent Office, said at the gathering that his office has been ready to examine international applications for patent rights in accordance with the treaty.

China's membership in the treaty, part of the government effort to catch up with international standards on patent rights, will facilitate foreign patent applications in China as well as Chinese applications abroad, Gao said.

It is another significant decision by the Chinese Government to strengthen protection on intellectual properties, he said.

According to patent officials, after China formally becomes a member on January 1, 1994, Chinese inventors will be able to protect their patent rights in foreign countries by submitting a Chinese-language application to the China Patent Office.

This will save 18 months for domestic inventors who seek patent rights from foreign patent authorities, the official said.

The officials said the Chinese membership in the international treaty will also bring about a drastic increase in the foreign patent applications in the country, currently at 5,000-6,000 a year. In the first half of this year, China

received more than 3,900 overseas applications for patent rights, a rise of 71 per cent over the previous six-month period.

The United States is the largest foreign applicant for patent rights in China. It is followed by Japan and Germany.

As foreign trade expands and more foreign investment comes in, it is only natural for more foreign people to seek intellectual property protection in China, the patent officers said.

By the end of June 1993, China had received a total of 320,000 applications for patent rights and granted more than 150,000 since China adopted a patent law in 1985.

Gao said his office had established co-operation ties with two international intellectual protection organizations and more than 20 countries.

### Visit, Activities of WIPO Director General Noted

#### Speaks on Protecting New Plant Varieties

OW1509103793 Beijing XINHUA in English 0954  
GMT 15 Sep 93

[Text] Beijing, September 15 (XINHUA)—About 140 officials from 15 countries and three international organizations are attending a three-day seminar which opened here today on new plant varieties and the protection of their cultivators' intellectual property rights.

Dr. Arpad Bogsch, director-general of the World Intellectual Property Organization (WIPO), told the seminar that "the population of the earth is expected to double within 25 to 30 years. Doubling the present amount of food will be needed."

With the amount of farmland available for growing plants diminishing and demand for food increasing, legislation is needed to encourage people to breed more new plant varieties and to protect their intellectual property rights, said the director-general, who is also secretary-general of the International Union for the Protection of New Varieties of Plants (UPOV).

Hui Yongzheng, vice minister of the State Science and Technology Commission of China, said the General Agreement on Tariffs and Trade (GATT) Uruguay Round of talks requires that protection of the intellectual property rights in seeds should be put into practice within ten years.

As China is applying for resumption of its status as a contracting party to GATT, it is only natural and necessary that China should conform with international practice in intellectual property protection, said the official.

Hui said that "as a big country in agriculture, China has paid great attention to research on the protection of new plant varieties. It has recorded impressive achievements in developing new plant varieties, and made important contributions to basically solving the problem of food and clothing for 1.1 billion people as well as to the development of world agriculture."

Makoto Tabata, UPOV senior program official, gave an introduction on the protection of new plant varieties in the world.

Officials and experts, including ones from the Netherlands, Japan, Canada, China and Thailand, are expected to present the approach to this matter and practices in their countries and regions during the seminar.

UPOV, an inter-governmental organization set up in 1961 with 24 member countries including Germany, the United States, Japan and Israel, was designed to protect the intellectual property rights of those who breed new plant varieties in its member countries and promote exchange of their experiences in new plant variety breeding.

China has not joined the union but has participated in its conferences several times as an observer in the past decade.

#### Meets Jiang Zemin

OW1509101993 Beijing XINHUA in English 0956  
GMT 15 Sep 93

[Text] Beijing, September 15 (XINHUA)—Chinese President Jiang Zemin said here today that China is willing to contribute more to international intellectual property protection through a better cooperation with the World Intellectual Property Organization (WIPO).

Jiang made the remark when meeting with WIPO's director-general Arpad Bogsch and his party in the Great Hall of the People this afternoon.

Jiang extended his welcome to the guests, who are here attending a symposium on the legal protection of expressions of folk literature and other activities jointly sponsored by WIPO and relevant departments of the Chinese Government.

The president said that such activities have a positive impact on China's protection of intellectual property.

He said that WIPO, as an international organization to promote world intellectual property protection, has done much in pushing forward its cooperation with the developing countries and providing technical aid to them.

Chinese intellectual property departments will try their best to play a due role in the development of international intellectual property, Jiang said, adding that the prospect for China's cooperation with WIPO is broad and promising.

Bogsch expressed his appreciation for the efforts and achievements China has made in the field of intellectual property protection, and said that China has gained a good start in protecting the expressions of folk literature through legislation.



**Reportage on Attendance at Canberra IPU Conference****Delegate Speaks on Humanitarian Aid***OW1409114193 Beijing XINHUA in English 1057  
GMT 14 Sep 93*

[Text] Canberra, September 14 (XINHUA)—Chinese delegate Wang Songda told an international forum today that the humanitarian assistance should observe the purpose of the U.N. Charter.

Wang, member of the Standing Committee of the Chinese National People's Congress (NPC), also said that "the principles of respect for state sovereignty and non-interference in internal affairs" should also be observed.

Wang, also vice-chairman of the NPC's Overseas Chinese Committee, made the remarks at the 90th conference of the Inter-Parliamentary Union held here from September 13 to 18.

The theme of today's session is "Respect for International Humanitarian Law and Support for Humanitarian Action in Armed Conflicts."

Wang said that China has always adhered to humanitarian principles and has strictly assumed obligations it undertakes under international law by providing war victims in many areas of conflict with humanitarian assistance.

On humanitarian assistance missions, Wang said, the use of force should be avoided in carrying them and in regions that are already conflict-ridden, parties should seek peaceful solutions to the conflicts through dialogue.

He said that in the armed conflicts, international humanitarian law is not respected, the lives and safety of the people are threatened and human rights and fundamental freedom are violated.

Wang called on parliaments of all countries to actively disseminate relevant treaties on international humanitarian law and more states to ratify and accede to the Geneva conventions and the additional protocols.

He also appealed to the international community to "take necessary measures to put an immediate end to all acts against international humanitarian law."

"The United Nations and international humanitarian assistance agencies should continue their role by taking all necessary measures to alleviate the losses and misery of the people," he added.

He also called on the parties in conflicts to strictly abide by all the international humanitarian law and respect the rights and interest of war victims.

**Delegate Views Social Security Reform***OW1509122893 Beijing XINHUA in English 1202  
GMT 15 Sep 93*

[Text] Canberra, September 15 (XINHUA)—A Chinese delegate said here this afternoon that China is currently

carrying out reform in its social security system in a bid to shape a pension and medical insurance system suited to China's actual conditions.

Wang Shuxian, member of the Standing Committee of the Chinese National People Congress, made the remarks at the 90th conference of the Inter-Parliamentary Union (IPU) held in Canberra.

The six-day conference, which began on Monday, is the biannual one organized by IPU and focused today on the problem of aging of population.

Wang told the meeting that China is exploring ways to "a more rational and effective pension system with the state, enterprises, communities and families sharing responsibilities towards the elderly."

China, with a population of over 1.1 billion, has nearly 100 million elderly people above the age of 60, accounting for one-fifth of the world's total.

By the end of this century, China's elderly population is expected to reach 130 million, more than 10 percent of the total population.

To ensure a happy life for the elderly, Wang said that "China has formulated a law on the elderly and local rules and regulations on the protection of the rights and interests of the elderly."

Another measure is setting up "a social security system based on burden sharing among the state, enterprises, the collective and individuals."

This will benefit the state, the collective, private, individual enterprises and Chinese employees of the joint ventures, she said.

China is also carrying out community service schemes, which, Wang said, is a cost-effective social security practice in line with Chinese traditions.

Meanwhile, she said, China has set up and improved its medical insurance system for the elderly.

She concluded that a good settlement of the well-being of the elderly in China "will not only benefit China's own elderly population, but will constitute a positive contribution to the improvement of the well-being of the elderly in the world."

**Environment Official Qu Geping Addresses UN Meeting***OW1509000493 Beijing XINHUA in English 2319  
GMT 14 Sep 93*

[Text] United Nations, September 14 (XINHUA)—A high-ranking Chinese official stressed here today that in order to solve global environmental issues and promote sustainable development, it is imperative to have global cooperation.

Speaking at the first session of the high-level advisory board on sustainable development beginning on Monday, Qu Geping, chairman of China's Environmental Protection Committee, said that as conditions differ in different

countries, the best way for a specific country to develop economy while protecting environment is to have a policy that suits its own conditions.

"Any attempt to interfere in other nation's internal affairs in the name of environmental protection or impose its developmental model and value onto others," Qu said, "will be detrimental to solving the issue."

The Chinese official urged the international community to share the responsibility for the worsening of the global environment, adding that "the developed countries should fulfill their duty in fund and technological transfer, so as to help the developing nations solve their environmental problems."

The two-day board meeting was intended to address policy matters on sustainable development of various countries and measures to urge various governments to implement the resolutions adopted at the summit on environment and development held in Rio de Janeiro in June 1992.

The 21 board members, recommended by governments and appointed by the UN secretary-general, are all internationally-recognized personalities on environment or economics. They included Maurice Strong, secretary-general of the 1992 Rio summit, and Mostafa Tolba, president of the Center for Environment and Cultural Heritage based in Washington.

The meeting did not go into discussions on substantial environmental or developmental issues but, instead, decided to set up three panels to look into relevant matters and hold its second session from March 17 to 22, 1994. The next session is expected to produce recommendations which will be presented to the UN Commission for Sustainable Development for Consideration.

#### **UN Engineer Contingent Leaves Phnom Penh**

OW1109165393 Beijing XINHUA in English 1620  
GMT 11 Sep 93

[Text] Phnom Penh, September 11 (XINHUA) - The Chinese engineer contingent under operation of the United Nations Transitional Authority in Cambodia (UNTAC) left today for home after finishing its tasks.

The engineers, flown out on three separate flights to Utapao Airbase in Thailand on their way home, are part of the evacuation action of UNTAC after elections were held in May and an interim government was formed in Cambodia.

The Chinese contingent, which arrived in Cambodia on April 23, 1992, has built and repaired 102 km of roads, maintained 517 km, and set up and repaired 22 bridges.

China sent 800 engineers in two batches to Cambodia to carry out U.N. peace-keeping operations. During their 17-month stay, the engineers have participated in the building of Phnom Penh's Pochentong International Airport and Military Airport, Stungtreng Airport, six parking lots and other infrastructures.

The engineers left a deep impression on the Cambodian officials and people and UNTAC leaders by their hard work and dedication.

Cambodia's head of state, Prince Norodom Sihanouk, and the U.N. military commander, Lieut. General John Sanderson have highly praised the engineers' contribution to peace and stability in Cambodia and to the U.N. peace-keeping operations.

Sanderson said he felt proud of having the Chinese contingent working under his command, adding that the excellent jobs done by the Chinese engineers have won honor for UNTAC in the international community.

#### **United States & Canada**

##### **Article on Yinhe Inspection Report, Findings**

HK1509102693 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 37, 13 Sep 93 pp 4-5

[Article by special staff correspondent Chen Wenru (7115 2429 1172): "Findings Report on Yinhe Freighter"]

[Text] (Special dispatch from Dammam)—Representatives of the Chinese and Saudi Arabian Governments signed a joint "findings report" on China's freighter Yinhe at the Saudi Port of Dammam on 5 September. Representatives of the U.S. Government, who also acted as Saudi Arabia's technical advisers, also signed the document. The "findings report" stated: Representatives of the Saudi Arabian Government, in the presence of representatives of the Chinese Government, conducted an investigation of the goods carried by China's cargo ship Yinhe at the Saudi Port of Dammam from 26 August through 4 September. Representatives of the U.S. Government, who also acted as Saudi Arabia's technical advisers, were also involved in the investigation. The "findings report" announced: "A thorough examination of all containers aboard the cargo ship Yinhe shows "there are not the two kinds of chemicals thionyl chloride and thiodiglycol on board the ship." Now the whole truth of the Yinhe incident, which was all started by the United States, which accused China's freighter Yinhe of carrying chemical weapons precursors thionyl chloride and thiodiglycol on the basis of wrong information, has come out.

##### **Act of a Sea Tyrant**

Beginning 23 July, on the basis of information it obtained, the United States wantonly accused China's cargo ship Yinhe of carrying the aforesaid chemicals to Iran and beginning 2 August, sent warships to follow the cargo ship and warplanes to take pictures of it, disrupting the freighter's routine voyage. The United States also spread the incorrect information to the countries whose ports the freighter was scheduled to berth at and demanded these countries prevent the cargo ship from unloading at Dubai, Dammam, and Kuwaiti Ports.

When the cargo ship Yinhe reached the Gulf of Oman, it was forced to anchor on the high seas, where the temperatures were as high as 40-50 degrees Celsius. At 0800,

when the cargo ship Yinhe arrived at the Gulf of Oman, a U.S. military helicopter circled over it, inquiring its name, course, speed, port of registry, cargo, port of departure, and port of destination while opening wide its compartment door and taking pictures from time to time. In the afternoon, the crew of the Yinhe spotted U.S. warship No. 61 approaching their starboard bow and then tail behind, four to five nautical miles away. Then a U.S. military helicopter and two warplanes flew above the cargo ship at a low altitude, taking pictures and keeping the cargo ship under surveillance. Thereafter, U.S. warships No. 61, 975, and 966 patrolled around the freighter two to five nautical miles away, and U.S. warplanes and helicopters kept hovering about it at a low altitude to keep watch on it until 26 August, when the Yinhe steamed into the Saudi Port of Dammam through the Hormuz Gulf. The U.S. hegemonistic act threatened the security of the Yinhe and its crew and gave acute difficulties to the crew in their daily life. The Yinhe drifted for 24 days on international waters, suffering from the high temperatures and a shortage of fresh water and food. As of 4 August, the crew were forced to give up taking baths and washing clothes and cut expenditures on meals, which seriously affected their health.

#### He Who Has Come, Comes With Ill Intent

With the approval of the Saudi Arabian Government, the freighter Yinhe sailed into Dammam Port on 26 August to undergo inspection. The inspection was designed to find out whether the cargo ship carried chemical weapons precursors thionyl chloride and thiodiglycol as claimed by the United States.

The Saudi Arabian Government department concerned set up a sealed berth about 300 by 400 meters using containers and the Yinhe dropped anchor in the berth. Patrolling on the sea were Saudi Arabian speedboats, and about one hundred meters directly behind the Yinhe a Saudi Arabian warship was berthed. The Yinhe had to go through several checkpoints before dropping anchor in the berth, where fully armed Arabian soldiers in desert camouflage were patrolling.

On 26 August, a Chinese inspection group headed by Sha Zukang, deputy director of the Department of International Organizations and Conferences under the Foreign Ministry, arrived in Dammam. At a meeting with Saudi Arabian and U.S. representatives, the Chinese side reiterated China's commitment to strictly discharge the international responsibilities laid down in the "Convention on the Prohibition of Chemical Weapons" and stressed that China adopted a serious and earnest attitude toward the inspection. The Chinese side also consented to the request for an inspection of over 20 containers of goods bound for Iran.

On the morning of 28 August, U.S. and Saudi Arabian representatives, in the company of Chinese representatives, made an inventory of goods on board the ship and carried out a superficial inspection. U.S. inspection personnel, namely, special personnel sent by the U.S. Coast Guard, often left Chinese representatives behind and went

straight on their own to the pitch-dark hold to look for containers bound for Iran and check the seat of the containers [he dui xiang wei 2702 1417 4630 0143]. Clearly they were only interested in goods bound for Iran.

At 1010 on 29 August, containers were opened for inspection. The temperature on the open ground at the port reached 65 degrees Celsius, and all personnel present were soaked with perspiration. Though the personnel from the three sides chatted and laughed with each other, the atmosphere was tense, as if a decisive battle was to break out. U.S. technicians, dressed in desert camouflage, with instruments for opening containers and inspection gear in hand, itched for action before containers were opened, as if they would never give up until they had found the two kinds of chemicals referred to in their information.

When the first container was opened, people saw some black iron barrels sealed by lead. Nonprofessionals would be somewhat surprised at the sight. The U.S. technical experts, however, were glad and went up hurriedly. They carefully examined the black iron barrels believing the barrels might contain the liquid chemicals they were looking for. When they were told that the barrels contained solid dye stuff, they took out two barrels from the container to find out for themselves what was inside. In this way, 25 containers to be shipped to Iran from China were opened in the morning. In the evening, the remaining containers were opened, but only articles of daily use contained in sacks, paper boxes, or wooden trunks, building materials, and dye stuff, were found. All containers to be shipped to Iran from China via other places including Hong Kong were opened and examined, but no chemical weapons precursors such as thionyl chloride and thiodiglycol were found.

#### Going Back On Their Word

The U.S. technical advisers, especially the inspectors from the U.S. Coast Guard, personally rummaged the containers. They crept deep into the bottom of the containers to see what was stored there. They were so suspicious to imagine that the carton boxes for shoes destined for Iran contained liquid chemicals. None of the two types of liquid chemicals Washington wanted them to search for were found, even though they exhausted every means they could think of and worked so hard. However, still they refused to accept their failure and acknowledge the fact. So they went back on their word, tore up the agreement that had been reached before, and asked to search all the containers consigned from China and all other containers from third countries that were suspect to them and that were carrying chemical products. But, apparently, the more containers were opened, the more anxious and awkward the Americans were, because the outcome simply showed that they were arbitrarily opening containers, based on no accurate clues. Saudi inspectors seemed to be mocking the Americans from time to time. Whenever a container was opened and again found to contain only carton boxes of light daily commodities whatsoever, they would ask the U.S. representative: "Okay?" "Okay," the U.S. representative replied with a wry smile. The Americans were not so

arrogant and overbearing as they had been in the beginning of the cargo inspection mission.

#### **Intelligence Is Inaccurate**

After the scope of cargo inspection was expanded, by 30 August the Americans still could not find any traces of the two types of liquid chemicals they were looking for. They began to get anxious and impatient. So they began to doubt the accuracy of the available "intelligence." According to them, the serial numbers of the bills of lading for the containers identified by the U.S. intelligence agency were CSAQ 3101 and CSAQ 3102. This explained why they went alone, before opening containers for inspection, straight down into the holds of the ship to check the location of the containers destined for Iran against the bills of lading. When they found there were no containers bearing the above two serial numbers on board the cargo ship Yinhe, they thought that the intelligence agency had given them the wrong numbers. So they asked for permission to inspect container CSAQ 3010, which number was close to those two numbers and could be easily confused with them. The Chinese side immediately accepted their request. But, when the container was opened, the content was found to be playing cards destined for Pakistan. Thus the Americans' stupid act served as a standing joke among all the people on the scene.

#### **In an Awkward Position**

The Americans found none of what they were searching for after all the 628 containers on board the Yinhe, either consigned from China or other third countries, were opened and inspected batch by batch. So they placed their last hope on the chemical test result. The samples for the test conducted on 31 August were taken from five containers carrying methanoic acid, two containers carrying agricultural chemicals, and a container of turpentine oil, all shipped from China. The U.S. Government had specially sent some people from Washington by military airplane bringing reagents along with them. This indicated how much importance the Americans attached to the chemical test. The test result revealed that all the above-mentioned chemical goods were neither thionyl chloride nor thiodiglycol. Before the ironclad evidence they could not but accept the fact. So they now entirely failed in this mission centering around the dispute over the Yinhe incident, which had been started by them alone. Thus they lifted a rock only to drop it on their own feet!

#### **Feeling Aggrieved**

Over the past week or so, some local people and Arab nationals in Dammam, as well as some people who are working there and do not want their nationalities and names to be revealed, are indignant at and sick of the deeds of the Americans who searched cargo consigned from China and other third countries on board the Chinese cargo ship, without verified evidence and justified reason. A foreign national from a major Asian country told this reporter in private: "The United States' hegemonic act is not only a provocation against you Chinese, but also against all Asian people." The Americans' inspection of

Chinese cargo on board a Chinese cargo ship is a sign of contempt for the 1.1 billion Chinese, which has hurt the Chinese people's feelings. The Chinese will not forget this. The Americans started the dispute over the Yinhe under the pretext that China was shipping to Iran thionyl chloride and thiodiglycol, which are used as precursors for chemical weapons. But what was the reason for the United States to demand an inspection of the containers on board the Yinhe consigned from Japan, the Philippines, Singapore, Indonesia, and Thailand for the United Arab Emirates, Kuwait, Saudi Arabia and other Arab countries in the Gulf, and Pakistan? Is it not that they also suspected that these Asian countries were exporting or manufacturing chemical weapons? Does the United States have any right to hurt the feelings of these Asian peoples? An Arab who is working here said: "We Asian people should unite more closely with each other; otherwise we will be bullied by the Americans again."

#### **Correction to Demand for Apology on Yinhe Incident**

HK1509063293

The following correction pertains to the item subheaded "U.S. Apology Demanded," published in the United States & Canada section of the 14 September China DAILY REPORT, pages 4-5:

Page 4, column one, last partial paragraph at bottom of column, last line, make read: ...ship's bunker and fresh supply at anchorage, the consumption of oil and water, the expenses on containers, and the expenditure for Kuwaiti cargo transshipped.... (picking up partial paragraph at top of column two, page 4, supplying dropped passage)

#### **U.S. Envoy to UN Reiterates 'One China' Policy**

OW1409210693 Beijing XINHUA in English 1941 GMT 14 Sep 93

[Text] United Nations, September 14 (XINHUA)—U.S. Ambassador to the United Nations, Madeleine Albright, reiterated here today that the American position on Taiwan's attempt to "re-enter" the world organization is that "there is one China."

She made the remark at a press briefing this morning when she was asked to comment on the request of seven Central American countries to the United Nations to create a study committee to consider Taiwan's representation to the world body.

The representative of Taiwan, a province of the People's Republic of China, was expelled from the United Nations according to a General Assembly resolution in 1971 and the Chinese seat has been taken ever since by the People's Republic of China.

However, in the last few years, especially since last May, Taiwan authorities started a campaign to re-install itself in the United Nations. Their recent endeavors in this regard included instigating foreign countries that still have "diplomatic relations" with the island province to raise the issue at the forthcoming General Assembly sessions.



The press briefing this morning was held at the U.S. Foreign Press Center in downtown Manhattan. During the briefing Ambassador Albright, the main speaker, outlined the seven issues the U.S. Government is concerned about during the 48th U.N. General Assembly.

These included, she said, the accountability of the United Nations, peace-keeping, sustainable development, democratization and human rights, security council composition, U.N. financing and humanitarian relief.

She said that "we are supportive of the permanent seats for Japan and Germany.... And we truly believe that the Security Council must reflect the current international situation."

However, she continued, the Security Council is at the peak of its power, the system is very effective, and, therefore, in making the changes "we must be very careful not to undermine the current effectiveness."

On peace-keeping, which now involves 14 peace-keeping operations with 80,000 peace-keepers in the field, she said, the costs are sky-rocketing and so "we want very much to be able to get a good look into the costs of the operations."

Speaking on sustainable development issues, the U.S. ambassador said that there are a lot to do with issues of environment, and during the general assembly her government would try to ensure that "agenda 21" would be implemented effectively.

#### **Li Lanqing Interviewed for U.S. TV Program**

*OW1509041193 Beijing XINHUA in English 0351 GMT 15 Sep 93*

[Text] Beijing, September 15 (XINHUA)—Chinese Vice Premier Li Lanqing was interviewed by George Goodman, editor-in-chief of the American Public Broadcasting Service (PBS) special program "Adam Smith Money World," here this morning.

Vice Premier Li answered Goodman's questions on the economic situation and progress of the reform in China as well as Sino-U.S. relations.

#### **Song Jian Receives U.S. Scientist Housner**

*OW1509012693 Beijing XINHUA in English 0105 GMT 15 Sep 93*

[Text] Beijing, September 15 (XINHUA)—During his current visit to China, George Housner from the United States has been named an honorary professor of the Institute of Engineering Mechanics under the State Seismological Bureau (SSB).

Prof. Housner is a pioneer in the global earthquake engineering community. Housner, together with Chinese Professor Liu Huixian and a Japanese professor, are known as the "fathers of international earthquake engineering" for their breakthrough research in this field.

Housner led the first American earthquake engineering delegation to China in 1978, laying down the foundation for China-U.S. cooperation in the area.

He initiated the translation into English of a four-volume Chinese work on the Tangshan earthquake, which claimed more than 200,000 lives in north China in 1976.

"Chinese seismological workers will always remember what Prof. Housner has done for friendship and scientific cooperation between the two countries," said SSB Director Fang Zhangshun during an award ceremony for Housner.

During his stay in China, Housner also met with Song Jian, minister in charge of the State Science and Technology Commission.

#### **Shanghai Investment Seminar Attended by U.S. Delegates**

*OW1509103293 Beijing XINHUA in English 1003 GMT 15 Sep 93*

[Text] Shanghai, September 15 (XINHUA)—The investment environment in Shanghai, the largest manufacturing center in China, is attractive and is full of opportunities, according to officials and investors from the Pension 2000 group of the United States.

An 80-member delegation headed by Philip Schaefer, president of the group, one of the largest foundations in the U.S., attended an international seminar held here on Monday [13 September].

Addressing the seminar, "China's Century: An Investment Opportunity in China," Shanghai vice Mayor Sha Lin said that the United States is the second largest investor in Shanghai, next only to Hong Kong.

By the end of September, the U.S. had invested 1.5 billion U.S. dollars in 702 businesses in Shanghai and twenty-four of the 500 largest American companies had opened either joint ventures or subsidiaries in the city, he told the American guests.

Big American corporations, including Ford, General Motors, General Electric and IBM, are currently negotiating with their business partners in Shanghai concerning the establishment of joint ventures.

According to Sha, factors making Shanghai appealing to American investors are that Shanghai is considered the best way into the huge Chinese market; that big U.S. companies want Shanghai to serve as their production and operational center in the Asia-Pacific region; that Shanghai has a sound manufacturing base and an efficient workforce; and that Shanghai provides high returns on investment.

Government statistics showed that 80 percent of foreign-funded businesses in Shanghai were profitable in 1992. Each worker in such businesses produced 9,000 yuan (about 1,754 U.S. dollars) in profit in the first half of 1993, double the amount of the same period in 1992.

Speaking at the seminar, Wang Daohan, an economic advisor to the Shanghai municipal government, said that in recent years Shanghai has also brought in more and more foreign investments through the financial channel.

He said an indicator of this trend is that foreign financial institutions had opened 20 subsidiaries in Shanghai by the end of June. The American International Assurance Co. Ltd. has opened an affiliate in Shanghai's Pudong new area, the first foreign-funded insurance company in China.

Wang, former Shanghai mayor, said that the city has also introduced nearly 600 million U.S. dollars by issuing business shares in other countries and has issued bonds in the international securities market.

He told the American guests that foreign investors in Shanghai have laws to abide by and can make profits.

Executives from the Squibb Pharmaceuticals Company and Johnson and Son Inc. [as received], the two American companies that are among the first foreign firms investing in Shanghai, answered questions from the American guests.

They agreed that China's investment market has enormous potential and bright prospects.

Executives from the Hong Kong and Shanghai Banking Corporation based in Hong Kong said that they are confident that Shanghai will become an international financial center.

#### **Apple Computer Opens Office in Beijing**

OW1509110793 Beijing XINHUA in English 1033  
GMT 15 Sep 93

[Text] Beijing, September 15 (XINHUA)—Apple Computer International Ltd. today announced it is strengthening its presence in the potentially huge market of China with the opening of a representative office in Beijing.

Apple president and chief executive officer Michael Spindler also announced the signing of a distribution agreement with the Legend Group, and the opening of an Apple-sponsored computer training center at Beijing's Qinghua University.

"The Apple initiatives underscore Apple's commitment to China and will make it easier for Chinese computer users to gain access to apple technology and products," said Michael Spindler.

"Today marks a significant milestone for Apple in our push to become a leading provider of personal computers in China," he said. "We are ready to offer our Chinese customers leading-edge products and an outstanding sales and service network, and we believe this combination will enable us to achieve rapid growth."

According to Spindler, Apple is confident it can offer Chinese computer users the best Chinese-language computing platform in the market.

Under the agreement between Apple and Legend, Legend will market and service a wide range of Apple desktop and notebook computers, as well as printers and other peripherals, through its nationwide network of 18 sales offices, over 200 dealers and 50 service centers.

The Apple training center at Qinghua University is expected to provide training on the Macintosh platform for Apple developers, resellers and customers, as well as providing a multimedia training environment for Qinghua University students and faculty.

"Through this cooperation with a technology leader such as Apple, Qinghua University will be able to further the development of technology in China," said Liang Youneng, vice-president of the university.

#### **President Clinton Facing 'Uphill Battle' on NAFTA**

OW1409211093 Beijing XINHUA in English 1852  
GMT 14 Sep 93

["News analysis" by Wang Nan]

[Text] Washington, September 14 (XINHUA)—With the signing of the side deals to the proposed North American Free Trade Agreement (NAFTA) here today, U.S. President Bill Clinton has advanced the ball to the five yard line.

But there are still lots of long balls to throw, observers here said, and the White House seems determined to go to the mat for it.

"The forces against us are the forces of the status quo," stressed U.S. Trade Representative Mickey Kantor last week. "They want everything to stay the same. That's what we're trying to fight."

NAFTA, negotiated during the Bush administration, is going to tear down trade barriers among the U.S., Canada and Mexico in 15 years once it goes into effect on January 1, 1994, thus setting up the largest free trade area on earth.

Administration officials hold that NAFTA, supported by recent sideline agreements on labor and environment, now have a better chance to pass in congress, especially with the support of republican lawmakers.

Opponents, including some leading democrats at the capitol, focused most of their arguments on jobs, which they say will be shifted to Mexico and therefore lowering the wages of many American workers.

"The American people are somewhat confused," said Dan Rostenkowski, chairman of the House Ways and Means Committee. "It's going to be our obligation to straighten them out and to lay out the facts."

Then what are the facts, and in the Republicans' view? [as received]

NAFTA is a reduction of tariffs: At present, for every four dollars of tariffs on the U.S. side, there are ten dollars' worth of Mexican tariffs on products going into Mexico.

NAFTA is a creator of jobs: The most conservative estimate is it will create 200,000 jobs over the next 24 months, and perhaps half a million at a minimum.

NAFTA is to expand trade: The U.S. has expanded its trade with Mexico from 16 to 43 billion dollars in the last five years, and with NAFTA, the pace will be accelerated.

NAFTA helps to beat Japan and the European Community: NAFTA makes the U.S. more compete [as received] with Japan, especially by creating the world's largest market.

Leading the opposition to NAFTA is billionaire Ross Perot who lost in last year's presidential election as an independent candidate. He called NAFTA "a giant sucking sound toward the south".

In his book *Save Your Job, Save Our Country: Why NAFTA Must Be Stopped—Now*, Ross Perot warned that NAFTA will cost the U.S. 5.9 million jobs, drive down wages, and stimulate immigration from Mexico.

"There is no question that the leadership is split," said Robert Matsui, a Democrat from California and President Clinton's point man in the House. "And gridlock still persists in Washington."

Clinton recently named William Daley, a Chicago lawyer, and William Frenzel, a former Republican congressman, as special counselor and special adviser to the president on NAFTA, hoping to rally Congress support for the critical treaty.

Senate minority leader Bob Dole, the respected senator who opposed almost every point of Clinton's budget plan, was on the president's side this time.

Today, the President also solicited help of three former Presidents, George Bush, Jimmy Carter and Gerald Ford, to wage a high-profile campaign for the agreement.

However, anti-NAFTA force is on the rise. House majority leader Richard Gephardt and House majority whip David Bonior say they are against it. And so did such celebrities as Patrick Buchanan and Jesse Jackson.

On Tuesday, Washington is again flooded with anti-NAFTA news briefings, among which are those held by a group of democratic senators, AFL-CIO, Sierra Club, the textile community with an anti-NAFTA petition signed by 3,000 people, and congressional anti-NAFTA founders.

Also highly visible are the set of alternative initiatives to NAFTA recently proposed by congressmen and citizen groups, which observers here said might, in the end, derail the three-nation trade accord.

While the president relies heavily on republicans for the support of NAFTA, there are also widespread questions about the depth of his commitment on the treaty.

As compared with the health care reform, NAFTA opponents said, the president might not consider passage of this treaty vital to the success of his administration.

Clinton's supporters said no. "President Clinton wants this agreement, he wants it as a priority this session," said Matsui. "it's an uphill battle, but it's very doable to win."

Trade representative Kantor agreed. "When you're on the five yard line, you have a lot of room to maneuver, and that's exactly what we expect to do."

"I believe it is imminently politically passable," Kantor stressed.

### Senate Approves \$261 Billion Defense Budget

OW1509030593 Beijing XINHUA in English 0247  
GMT 15 Sep 93

[Text] Washington, September 14 (XINHUA)—The U.S. Senate today approved a defense budget of 261 billion dollars for fiscal year 1994, 1.8 billion dollars less than President Bill Clinton had requested.

By a vote of 92-7, the Senate approved the defense authorization package which will keep programs of such major weapons as navy destroyers and Trident submarine missiles.

Attached to the package is also the demand that Clinton seek congressional approval for continued U.S. military involvement in Somalia.

Many in the U.S. fear that Washington may have been engaged in an apparently open-ended operation in the African nation.

The Senate's fiscal 1994 budget, which begins October 1, is 14 billion dollars less than this year's.

The House of Representatives is expected to finish its decision on the military budget next week. The House and the Senate will then study each other's version and thrash out a final defense budget.

Under the Senate's version, U.S. military personnel will get a 2.2 percent pay rise despite a Clinton-proposed across-the-board pay freeze.

The package lifts the statutory ban on women serving on combat ships. The end of the ban is consistent with the policy of the Clinton administration.

It will also slash 800 million dollars from Clinton's request of 3.8 billion dollars for the country's Ballistic Missile Defense Program, formerly known as the Strategic Defense Initiative.

Defense Secretary Les Aspin announced earlier that the Pentagon would shift the focus of missile defense from space-based programs to theater defense of tactical ballistic missiles.

### Northeast Asia

#### Official Briefs PRC-Japanese Forum on Taxation

OW1309134093 Beijing XINHUA in English 1306  
GMT 13 Sep 93

[By Zhu Baihua]

[Text] Beijing, September 13 (XINHUA)—Reform of China's financial and taxation systems will enable the central government to accumulate sufficient financial resources to effectively control and regulate the entire economic process, a senior official said today.

Vice-Minister of Finance Xiang Huaicheng told a Sino-Japanese seminar on finance and taxation that this goal

will be achieved by rationalizing the distribution of financial resources between the state and enterprises and between the central and local governments.

To be specific, Xiang said, the financial authorities will use economic and policy measures to readjust macro-economic operations so that state revenue and expenditures remain balanced while the national economy develops at a high speed.

The reforms aim to eventually establish new financial and taxation systems that suit a socialist market economy, said the official.

In implementing the reforms, he added, the authorities will take as reference "conventional methods applied internationally."

The immediate task of the reforms is to establish a turnover taxation system with a value added tax as its centerpiece. The value added tax, as the major regulatory tax, will be applied to the entire process of commodity production and circulation, he said.

Another regulatory tax will be the consumption tax. The government will use the value added and consumption taxes to regulate the production and supply of cigarettes, liquor and cars, Xiang said.

Moreover, a unified 33 percent corporate income tax will be levied on all domestic enterprises to ensure fair competition, the official said.

A unified individual income tax will also be instituted through a merger of the individual income regulatory tax and the tax on bonuses. Work is being done to ensure that the new tax rates will be "appropriate," he said.

The new financial system being instituted will be based on a rationalized distribution of tax revenues and expenditures between the central and local governments, the official said.

Under the new system, gross state revenue will be divided into three parts: revenue to the central government, revenue to the local governments and revenue shared between the central and local governments.

The purpose is to ensure that the central government will be responsible for the bulk of state revenues and expenditures, he said.

The new system will replace the current contract system, which allows local governments to retain whatever revenues remain after contributing contracted quotas to the central government.

After the unified taxes become effective, Xiang said, state-owned enterprises will no longer have to make obligatory contributions to funds for the construction of key energy and communication projects.

The product cost of the enterprises will take into account interest on loans extended for the purchase of fixed assets. Firms are obliged to repay capital and interest with after-tax funds the enterprises are allowed to retain for their own use.

As the owner of such assets, the state will have the right to decide how their after-tax profits are to be disposed, Xiang said.

### **NPC's Qin Jiwei Receives Japanese Youths**

*OW1109120293 Beijing XINHUA in English 0828 GMT 11 Sep 93*

[Text] Beijing, September 11 (XINHUA)—Vice-Chairman Qin Jiwei of the Standing Committee of China's National People's Congress (NPC) met here this afternoon with a youth delegation sent by the Youth Affairs Administration of the Management and Cooperation Agency of Japan.

Qin said: "The new Japanese cabinet has stated willingness to continue developing friendly relations of cooperation with China on repeated occasions. We express appreciation for that."

He said that China is willing to work with personalities of all circles in Japan to deepen the friendship and expand the cooperation between China and Japan.

The delegation, led by Vice-Chairman Hiroshi Takashima of the Health Promotion and Fitness Foundation, is the 15th such annual goodwill mission sent by the Youth Affairs Administration of the Management and Cooperation Agency.

### **Heilongjiang Secretary Receives Japanese Group**

*SK1209051193 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 10 Sep 93*

[Text] On the afternoon of 10 September, the delegation of the Hokkaido Prefectural representative assembly of Japan successively visited the provincial People's Congress Standing Committee and the provincial government.

On behalf of the provincial people's congress, the provincial government, and Governor Shao Qihui, Sun Weiben, chairman of the provincial people's congress standing committee, and Wang Zongzhang, vice governor of the provincial government, expressed warm welcome to the honored guests from Japan.

### **Beijing Secretary Receives ROK Businessmen**

*SK1309113893 Beijing BEIJING RIBAO in Chinese 31 Aug 93 p 2*

[Text] Chen Xitong, chairman of the Beijing 2000 Olympic Games Bid Committee, met with Sin Chun-ho, vice president of the ROK's Lotte Group Company and his entourage at the municipal government yesterday.

During cordial and friendly talks, Chen Xitong briefed the Korean guests on Beijing's status in bidding for the 2000 Olympic Games and its relevant policies for attracting foreign capital. He also welcomed the Korean guests to make investments in China. Mr. Chen Xitong expressed his support to Beijing for bidding for the 2000 Olympic Games and his great interest in making investments in



Beijing. Chen Xitong thanked the Korean guests' support and expressed that Beijing will spare no efforts to make the bid a success.

Executive Vice Mayor Wang Baosen participated in the meeting.

### ROK Industrial Delegation Visits Tianjin

SK1109052193 Tianjin TIANJIN RIBAO in Chinese  
1 Sep 93 p 1

[Text] On the evening of 31 August at the Scientific and Technological Consultation Building, Mayor Zhang Lichang met with all the members of the group of the Federation of Korean Industrialists for Investigating China's Investment Climate, headed by Mr. Cho Kyu-ha, executive vice president of the federation.

The Korean guests visited Tianjin at the invitation of the Tianjin International Scientific and Technological Consultation Company. The group comprises 24 chief executive officers from the chemical, electronic, metallurgical, petroleum, electric, chemical fiber, maritime transportation, and banking industries in the ROK. The Federation of Korean Industrialists comprises more than 400 enterprises. Its gross national product accounts for 70 percent of the country's total.

At the meeting, Zhang Lichang, on behalf of the Tianjin Municipal government, welcomed the guests to Tianjin. He said: The cooperation ties between Tianjin and the ROK are getting closer. More and more Korean entrepreneurs are coming to Tianjin to invest. All this has created conditions for accelerating the development of both sides. In recent years, the ROK has made rapid scientific, technological, and economic development. So, you can teach us many things. Zhang Lichang told the guests about Tianjin's basic situation, advantages, and investment climate. He said: The opening of direct transportation services between Tianjin and the ROK has shortened the distance between us and has increased the pace of cooperation. Tianjin itself has many advantages. In particular, it has a proper foundation for the light textile, electronics, machinery, metallurgy, and chemical industries. But, many of our enterprises are aging. If they graft advanced technologies onto our foundations, they will be able to make rapid development. This is a road with less investment and better efficiency. I hope our friends pay close attention to this and invest and cooperate in this regard. At the same time, I hope that through their investigations, our friends will deepen their understanding of Tianjin and create conditions for Korean entrepreneurs to invest in Tianjin. Mr. Cho Kyu-ha said: Through introductions and investigations, we have a deep impression of Tianjin, and we express appreciation for Tianjin's enlightened attitude. We also find that Tianjin is becoming another key investment area like southern China. We hope that we will broaden our economic cooperation with Tianjin, and Korea should organize more entrepreneurs to inspect Tianjin.

Present at the meeting were Wang Chenghuai, vice chairman of the Standing Committee of the municipal

People's Congress; Wang Shuzu, chairman of the municipal commission for foreign economic relations and trade; and Liang Su, chairman of the municipal scientific and technological commission.

### West Europe

#### Deng Xiaoping's Son Meets Swedish Deputy Premier

##### Discusses Social Issues

OW1509120693 Beijing XINHUA in English 1123  
GMT 15 Sep 93

[Text] Beijing, September 15 (XINHUA)—Visiting Swedish Deputy Prime Minister and Minister of Health and Social Affairs Bengt Westerberg met with Deng Pufang, president of China Disabled Person's Association, here this afternoon.

During the meeting, Deng briefed Westerberg on the development of the cause for disabled persons in the country.

They also exchanged views on matters of common interest.

Earlier today, Westerberg met Huang Qicao, vice-president of the All-China Women's Federation.

##### Briefs Reporters on Father

HK1509150693 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1305 GMT 15 Sep 93

[By reporter Li Wei (2621 0251)]

[Excerpt] Beijing, 15 Sep (ZHONGGUO XINWEN SHE)—After Deng Pufang met with a foreign guest this afternoon, this reporter asked him about Deng Xiaoping's condition. Without any hesitation, Deng Pufang answered: "He is fine, in good health [hen hao shen ti hen hao 1771 1170 6500 7555 1771 1170]."

This reporter asked him whether Deng Xiaoping had read the book written by Maomao, namely, *My Father—Deng Xiaoping (Volume One)*. Deng Pufang said with a smile: "I assume that he has; but you should ask Maomao about it."

As chairman of the Chinese Federation for the Disabled, Deng Pufang was also interviewed by Swedish reporters this afternoon. One of the reporters' questions was: What is the great significance of the Chinese Federation for the Disabled having elected the son of an important Chinese leader as its chairman?

Deng Pufang answered: It is the people's trust in me as well as a kind of responsibility placed on me. I think I want to make use of all kinds of conveniences [as received] to really do a good job of this undertaking. Frankly, I feel the pressure on me is comparatively great.

Deng Pufang met with Mr. Bengt Westerberg, Swedish deputy prime minister and concurrently minister of health and social affairs, today. In their one-and-a-half-hour

cordial talks. Deng Pufang briefed the guest on the difficulties facing China's undertaking for the handicapped, the progress made, and development plans. [passage omitted]

#### **Rong Yiren Briefs Businessmen in Portugal**

OW1509050493 Beijing XINHUA in English 0449  
GMT 15 Sep 93

[Text] Lisbon, September 14 (XINHUA)—Visiting Chinese Vice President Rong Yiren today briefed Portuguese businessmen on China's economic development since it carried out the policies of economic reform and opening to the outside world some 14 years ago.

Rong said China has made great achievements in economic construction in the past decade under the guidance of Deng Xiaoping's theory of building socialism with Chinese characteristics.

Meanwhile, China has been strengthening economic and trade cooperation with foreign countries and learning their advanced experiences, he noted.

However, Rong pointed out that China now still faces some problems on its road to modernization, including a state of disorder in the banking system and excessive investment in capital construction.

He said the Chinese Government has taken a series of macro-control measures, which have been effective in the past months, to tackle these problems.

"China pays great attention to developing its stable and friendly cooperation ties with West European countries including Portugal," Rong said. "We believe the Sino-Portuguese economic and trade cooperation will make new achievements."

On Tuesday [14 September], the Chinese eastern city of Wuxi and Portuguese seaside city of Cascais also became cities of friendship. The Chinese vice-president attended the ceremony for signing the agreement between the two cities.

On the same day, Chinese and Portuguese officials also signed the minutes of talks held at the third session of the mixed committee on economy, industry and technology between the two countries.

Rong arrived here on Sunday on a five-day official visit at the invitation of the Portuguese Government.

#### **Tianjin Secretary, Delegation Leave for Greece**

SK1209010893 Tianjin People's Radio in Mandarin  
2300 GMT 10 Sep 93

[Text] Upon the invitation of the Greek Communist Party, the friendship visiting delegation of the CPC, headed by Gao Dezhan, member of the CPC Central Committee and secretary of the Tianjin Municipal CPC Committee, left Beijing for Greece on 10 September for a friendly visit. Zhu Shanqing, deputy head of the International Liaison Department under the CPC Central Committee, saw the delegation off at Beijing Airport. This visit has been

approved by the CPC Central Committee and arranged by the International Liaison Department under the CPC Central Committee. When the delegation left Tianjin, it was seen off by Zhang Lichang, Li Shenglin, Fang Fengyou, Zheng Zhiying, and Zhang Guanwen, leading comrades of the municipal party committee and the municipal government, and by responsible persons of departments concerned.

#### **Wu Lianyuan Leaves To Meet Spanish Communists**

OW1109013593 Beijing XINHUA in English 0057  
GMT 11 Sep 93

[Text] Beijing, September 11 (XINHUA)—Wu Lianyuan, representative of the Communist Party of China (CPC), left here by air this morning for Spain to attend the festival of the Spanish Communist Party.

Wu is also deputy head of the Organization Department of the CPC Central Committee.

#### **Shanghai Volkswagen Lists Production Figures**

OW1509072493 Beijing XINHUA in English 0653  
GMT 15 Sep 93

[Text] Shanghai, September 15 (XINHUA)—The Shanghai Volkswagen Corporation, a Sino-German joint venture in China's leading industrial center, is producing 360 cars a day.

"This indicates that our corporation has formed an annual production capacity of 100,000 Shanghai-Santana cars," a corporate spokesman said here.

According to the official, the corporation is investing heavily in upgrading its second construction phase.

Upon completion, the official noted, the corporation will be able to turn out 200,000 cars a year.

A survey report shows that the corporation has the largest production scale with the best economic efficiency among its counterparts in China.

While expanding use of Chinese materials and equipment, the corporation has concentrated on improving product quality.

At a recent international automobile fair in Shanghai, the first luxury model of Shanghai-Santana car was sold on auction at a price of 600,000 yuan (100,000 U.S. dollars).

At present, the Chinese and German sides are jointly studying and developing a new type of Santana car, which is expected to appear on the market next year.

#### **East Europe**

#### **Vice Premier Qian Qichen Arrives in Croatia**

OW1409123593 Beijing XINHUA in English 1220  
GMT 14 Sep 93

[Text] Zagreb, Croatia, September 14 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen

arrived in the Croatian capital of Zagreb this morning for a two-day visit, the last leg of his five East European nation tour.

Qian, who arrived here by car from Slovenia, was met by his Croatian counterpart Mate Granic at Intercontinent Hotel, where the Chinese foreign minister is to stay.

Qian has already visited Ukraine, Romania, Albania and Slovenia.

#### Meets Counterpart

OW1509021393 Beijing XINHUA in English 0202  
GMT 15 Sep 93

[Text] Zagreb, September 14 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen said here today China insisted that ethnic rights be protected in former Yugoslavia and that all parties concerned seek a peaceful means to end the conflict in the region.

Meeting with Croatian Deputy Premier and Foreign Minister Mate Granic, Qian said a quick and peaceful settlement of the conflict in former Yugoslavia would be constructive to the economic growth of all countries in the region and would bring a better life to the people there.

The Croatian deputy premier briefed Qian on the latest developments in former Yugoslavia and explained Croatia's position on the settlement of the conflict.

On bilateral relations, Qian said China had traditional good relations with Croatia and the friendship was further promoted by the visit of Croatian President Franjo Tudjman to Beijing last June.

On economic and trade relations, Qian said the Chinese Government would encourage direct contacts and cooperation between the companies and enterprises of the two countries.

Granic said Croatia had always attached great importance to its economic exchanges with China. He hoped bilateral cooperation of mutual benefit would be further strengthened.

#### Sees President Tudjman

OW1509035193 Beijing XINHUA in English 0338  
GMT 15 Sep 93

[Text] Zagreb, September 14 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen said China closely watches the situation in former Yugoslavia and respects the people's choice, sovereignty and territorial integrity of Croatia.

Meeting with Croatian President Franjo Tudjman, Qian said a quick and peaceful ending to the conflict in the region will be crucial to the stability of countries in the area and the whole of Europe.

Tudjman briefed Qian on Croatia's position on the situation in former Yugoslavia and expressed his appreciation of China's stand that all countries' borders should not be changed and that ethnic rights should be protected in the region.

Tudjman also said his visit to Beijing last June was a big success. He appreciated China's supports to Croatia in its work in the United Nations and other international organizations.

Qian said he is pleased to see the smooth development of bilateral relations and hopes to expand and deepen these relations of mutual benefit.

#### Meets Vice Premier Granic

OW150904493 Beijing XINHUA in English 0921  
GMT 15 Sep 93

[Text] Zagreb, September 14 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen today held talks with his Croatian counterpart Mate Granic on issues of former Yugoslavia and the United Nations peace-keeping forces.

Qian said that the Chinese Government respect Croatia's sovereignty and territorial integrity.

He said latest signs show that conflicts in the area will possibly be escalated. He expressed the hope that all the warring sides would exercise restraint and find a political solution to their disputes by peaceful means.

There is traditional friendship between Croatia and China, Qian said, adding that China pays close attention to the development of economic relations with Croatia.

For his part, Granic also expressed the hope that the two countries would further strengthen their economic cooperation.

#### East European Reportage on Qian Qichen Visit

WA1409121793

For reportage on the visit by Qian Qichen, vice premier of the State Council and foreign minister, to Albania, Romania, Slovenia, and Croatia, including reports on his talks with Albanian President Sali Berisha, Romanian Foreign Minister Teodor Melescanu, Slovene Foreign Minister Lojze Peterle, and Croatian Foreign Minister Zdenko Skrabalo, please see the Albania, Romania, Slovenia, and Croatia sections of the 13 September East Europe DAILY REPORT and subsequent issues.

#### Zou Jiahua Visits Hungarian Finance Minister

OW1509020593 Beijing XINHUA in English 0144  
GMT 15 Sep 93

[Text] Budapest, September 14 (XINHUA)—Visiting Chinese Vice Premier Zou Jiahua held talks here today with Hungarian Finance Minister Ivan Szabo and they discussed ways of further enhancing relations and cooperation between the two countries.

Zou said that recent years has witnessed new development of the Sino-Hungarian cooperation in the fields of politics, economy, science, technology and culture.

He expressed the belief that there will be vaster prospects in the overall and consistent development of bilateral relations based on the principles of mutual respect and benefit.

Briefing his host on the current domestic situation, the vice premier said China has adopted a market-oriented policy in economic development, so it hopes to further enhance friendly cooperation with foreign countries.

Both China and Hungary are anxious to expand their economic and trade cooperation, Zou said, hoping that entrepreneurs of the two countries will contribute to better cooperation.

Szabo said China is well positioned in Hungary's foreign relations and cooperation. Despite the changes in the political and economic system, Hungary's relations with China have never stopped.

He expressed the hope that their overall relations and cooperation will be further enhanced.

Early today, Vice Premier Zou and his entourage visited Hungary's Raba automobile factory.

#### **East European Reportage on Zou Jiahua Visit**

*WA1309122493*

For reportage on the visit by Zou Jiahua, vice premier of the State Council, to Poland and Hungary, including reports on his talks with Polish Prime Minister Hanna Suchocka, Polish President Lech Walesa, and Hungarian Finance Minister Ivan Szabo, please see the Poland and Hungary sections of the 13 September East Europe DAILY REPORT and subsequent issues.

#### **Hungarian Official Arrives for Technical Talks**

*LD1509085493 Budapest MTI in English 0803 GMT  
15 Sep 93*

[Text] Beijing, September 15 (MTI)—Minister without Portfolio Erno Pungor, chairman of Hungary's State Office for Technical Development, on Tuesday [14 September] arrived in China for a Hungarian-Chinese technical-scientific cooperation symposium to be held in Tianjin on the 40th anniversary of official scientific links between the two countries. (The relevant inter-governmental agreement was signed on October 3, 1953 and renewed on June 8, 1989.)

On Tuesday, Pungor held talks with State Counsellor Song Jian, minister in charge of China's State Scientific and Technical Committee.



**Political & Social****Reportage on Release of Dissident Wei Jingsheng****More on Hong Kong Radio Report**

*HK1509033993 Hong Kong RTHK Radio Two in Cantonese 0300 GMT 14 Sep 93*

[By reporters Li Pui-chong, Liang Ka-pik, and Ma Men-kin; from the "News in Brief" program; the following is a substitution providing fuller processing for the item published in the Political & Social section of the 14 September China DAILY REPORT, page 18, under the headline "'Noted Political Prisoner' Wei Jingsheng Released"]

[Text] China has released noted political prisoner Wei Jingsheng, six months ahead of his 15-year prison term. Wei is the political prisoner who has served the longest prison term. Lu Pui-chong reports:

[Begin Lu recording] Wei Jingsheng was sentenced to 15-years imprisonment in 1979 for inciting counterrevolutionary propaganda. He was also charged by the authorities for divulging military secrets to foreign reporters. An official from the Justice Ministry said: Wei is released on parole because he observed prison regulations. The official also said that he did not know where Wei was, but believed that he had gone home.

Western reporters believe that China has released Wei Jingsheng in advance in order to coordinate with the International Olympic Committee's upcoming decision to choose the nation which will host the 2000 Olympic Games. Apparently, Chinese authorities are trying to create an open atmosphere on its human rights record in an attempt to successfully win Beijing's bid for hosting the 2000 Olympic Games.

Yesterday, the Chinese authorities allowed pro-democracy activist Wang Juntao's wife, Hou Xiaotian to leave the country. [end recording]

On the background of Wei Jingsheng, Liang Ka-pik reports:

[Begin Liang recording] Wei Jingsheng, born in Beijing in 1950 of Anhuiancestry, was a worker of the Beijing Park Service and Management Office. His father is a demobilized soldier of the PLA [People's Liberation Army]. When the cultural revolution broke out, Wei Jingsheng was studying in the secondary school of the People's University, a school were the first group of Red Guards was formed. Wei was detained for three months at the end of 1967 for joining the Lianqin, an organization in opposition to Jiang Qing. Later, he joined the Army. After his service, he became an electrician at the Beijing Zoo. He started writing small-character-posters for the Beijing Democracy Wall at the end of 1978. He compiled a magazine, "TANSUO" [EXPLORATION], with his friends, where he issued a number of radically-worded articles. He also took an active part in the action to protest against the "Fu Yuehua incident." He was arrested again on 29 March 1979. He was sentenced to 15-years imprisonment in the same year.

Although Wei has served a 14-year prison term, he believes he is innocent. By arrangement of the authorities, he visited Tangshan for the first time in January this year. Viewed from the photographs supplied by the authorities, Wei Jingsheng is in good shape. [end recording]

Wei Jingsheng is regarded as a forerunner of China's democratic movement in the late 1970's.

Regarding his speeches, Ma Men-kin reports:

[Begin Ma recording] Wei Jingsheng is the most controversial figure since China introduced the policy of reform and opening up. He stressed that democracy should be the fifth modernization. He criticized the Communist Party in his big-character-posters and other articles, which irritated the Beijing authorities. For instance, Wei said: When I saw the newspaper description of the superiority of socialism and heard about the truth of the superiority of socialism over capitalism, I cursed from the bottom of my heart: Damn you. At this moment, he said that he clearly saw Mao Zedong as a butcher who stood out in hundreds of years of world history and thousands of years of Chinese history. In the magazine TANSUO, apart from reporting on the Bastille Prison of the 20th century, namely, the Qinchun No. 1 Prison, and the merits of Gongdelin [a prison in Beijing], he also exposed the CPC's brutal treatment of political prisoners and annihilation of humanity.

While talking about human rights, equality, and democracy in an article written on 10 March 1979, Wei Jingsheng pointed out: The people's right to subsistence, freedom of choice, and equal opportunities do not exist at all on the mainland. Moreover, he used unprecedentedly unequivocal terms to mercilessly criticize the Communist Party and its leaders. Wei said: Under the long-term autocratic rule of Marxism and Mao Zedong Thought, the workers, peasants, soldiers, and other masses are deprived of their political freedom and even their lives. With blind faith in communism, the political dictatorship deprived the people of their political rights. The people were extorted and confined. He also pointed out: If they want to attain modernization, the prerequisites include the democratic system, reform of the government system, and a thorough practice of democracy.

The wisdom, courage, and awareness displayed by Wei Jingsheng have set a fine example for a new generation of the cultural revolution. [end recording]

Li Yi, chief editor of CHIUSHIH NIENTAI, believes that Wei's early release will exert a positive influence on China's human rights record and its bid for the 2000 Olympic Games.

[Begin Li recording] As a matter of fact, only a few months are left for the completion of his 15-year prison term, so the early release is not very meaningful to Wei. He already has served 14 and one-half years out of 15, but it probably will be useful to China's bid for the 2000 Olympic Games. Although China says that human rights should not be linked to its bid to host the Olympic Games, it is trying to link the two together. They know that other countries and

International Olympic Committee members will take this factor into account when casting their ballots. [end recording]

Cheng Hsiang, chief editor of TANGTAL, insists that the Wei Jingsheng incident is one of Deng Xiaoping's stains. The so-called early release is tantamount to exchanging the Chinese people's freedom for certain interests.

[Begin Cheng recording] In my opinion, the case of Wei Jingsheng is one of Deng Xiaoping's stains. In order to exclude Hua Guofeng, Deng Xiaoping once said before his assumption of power that China's Democracy Wall was a form of democracy created by the Chinese masses. He then spoke highly of the Democracy Wall. After Deng assumed power, however, his first move was taken against the Democracy Wall because Wei Jingsheng urged Deng to step down. The practice of going back on his own words constitutes one of Deng's stains. Moreover, over the past decade or so, no one dared make any attempt to redress the case of Wei Jingsheng. Anyone trying to do so would be charged with counterrevolutionary crime. In fact, I do not think Wei's current release should be regarded as an early one because he already has served a 14-and-one-half-year prison term. Six months should not be regarded as an early release. However, it is disgusting to see that once again they are using the freedom of the Chinese people as a bargaining chip in their bid for the 2000 Olympic Games. This is a very mean action by the CPC. [end recording]

#### Dissident Sources Cited on Wei's Plans

HK1509071793 Hong Kong SOUTH CHINA MORNING POST in English 15 Sep 93 p 9

[Report by Willy Wo-Lap Lam]

[Text] Paroled dissident Wei will probably join colleagues like Wang Dan and Wang Xizhe, who were released early this year, in waging a "non-confrontational battle" to bring about political change. Sources in the Chinese dissident community said that much as Wei's release testified to Beijing's new-found confidence, Communist Party leaders were wary of the leadership the likes of Wei could provide should another 1989-style pro-democracy movement break out. The former electrician has become an icon for the entire democracy movement, and not only because he was the first theoretician to elaborate on the theory of the Fifth Modernisation, or democratisation. As the dissident who has served the longest jail term in the Deng Xiaoping era, Wei commands respect among Beijing intellectuals for maintaining his steely faith in the harshest circumstances.

Wei's friends quoted him as saying earlier this year that after leaving prison he would "persist in human rights work". But dissidents in Beijing said that it was unlikely he would adopt confrontational tactics such as forming a political organisation. "Wei could follow the Wang Dan or Wang Xizhe model," one source said. "He would deny the authorities any excuse for re-arresting him. But he would try to get his message across to both Chinese and foreign audiences through means such as talking to the overseas media." He added that Wei might also follow the example of the two Wangs in maintaining legal contacts with

students and intellectuals, as well as private businessmen whom they see as spearheading the country's "peaceful evolution" towards a more liberal political system.

Political observers in Beijing said that although government surveillance remained almost omnipresent, it would be easier for Wei to spread his message in 1993 than in the late-1970s. "Most intellectuals have access to private phones and fax machines, as well as IDD facilities," a Beijing journalist said. "Networking both within China and with overseas-based dissidents has become easier." The journalist said that while the dissident movement was at a low ebb, most intellectuals were optimistic about changes in the post-Deng era. The leadership for future liberalisation movements would be more likely to come from dissidents who spent time in jail than those who fled abroad after the June 4 crackdown, he said.

#### First Day of Freedom Reported

HK1509115593 Hong Kong LIEN HO PAO in Chinese 15 Sep 93 p 1

[Report from Beijing by Reporter Teng Mei-ling (6772 5019 3781): "Wei Jingsheng Did Not Return Home Yesterday Because it Was Arranged for Him To Stay in a Hostel for the Night"]

[Text] Though Wei Jingsheng was released yesterday before his sentence expired, the public security bureau told his stepmother (Wei's father remarried after the death of his wife, Wei's mother) that Wei would not return home yesterday because it had been arranged for him to stay in a hostel for the night.

Wei Jingsheng's father, 78, who went to see a doctor yesterday for heart disease, also did not return home for the night. The family members were unwilling to speculate whether the authority concerned painstakingly made arrangements for the first meeting between father and son since Wei Jingsheng was detained. Wei Jingsheng's father appeared in court when Wei Jingsheng was sentenced on 20 March, 15 years ago. Over the last 15 years he never visited his son, though they have written to each other.

Wei's family member who first got the news of his release was Wei Ling, his younger sister. Immediately after 0900, almost the same time when XINHUA released the news about Wei Jingsheng's release, Wei Ling received a telephone call in her office from the authority concerned, telling her about her brother's release. Then Wei Ling had a conversation with her father over the telephone. Her father was overjoyed at the news. Wei Jingsheng's younger brother, Wei Xiaotao, did not know about his brother's release until 1600, when over 100 Chinese and foreign reporters waiting at his door told him of the news. He was very excited at hearing the news.

Both Wei Xiaotao and Wei Ling refused to comment on their brother being sentenced to 15 years' imprisonment, but they believed their brother had bad luck rather than having done anything wrong. They would continue to support him.

Wei Ling, however, was concerned that her brother would continue to get involved in politics after his release. She hoped her brother would lead a peaceful life after his imprisonment.

Wei Xiaotao visited his brother at Tangshan Prison in May of this year. According to his understanding, Wei Jingsheng still refused to accept the verdict, held fast to his belief, and was concerned about politics and China's prospects for democracy. He believed his brother would continue to strive for democracy after being set free, never changing his original intention.

He added that in prison, Wei Jingsheng mainly spent his time reading books and newspapers and watching TV. Wei Jingsheng was interested in economics. He believed it was correct for the mainland to develop a market economy, but he insisted that democracy must be expanded.

Wei Ling said: Wei Jingsheng had been moved from prison to prison three times. He was first detained in the first Beijing prison, transferred to Qinghai in 1985, and to Tangshan in 1989. His prison cell had been spacious. She acknowledged that Wei Jingsheng contracted heart disease and gastric disease due to lack of sunlight. His teeth had come out, she added, but he had been in good shape, never suffering from mental disorders.

#### Whereabouts of Wei 'Still Unknown'

*HK1509140793 Hong Kong Asia Television Limited in English 1200 GMT 15 Sep 93*

[From the "Main News" program]

[Text] The whereabouts of Chinese democracy activist Wei Jingsheng are still unknown one day after his release from prison. Meanwhile, another political prisoner has been freed after completing his sentence for involvement in the 1989 pro-democracy movement. Susan Yiu reports from Beijing:

[Begin recording] [Yiu] Wei Jingsheng never showed up at his parents' home, where he was expected to go after being freed yesterday. Wei's brother says the family hasn't heard from him since, but that China's Justice Ministry has notified relatives a formal press conference for the 43-year-old ex-park worker would be set up some time this week.

The mystery of Wei's whereabouts continues as one jailed student activist prepares for life as a free man. Twenty-three-year-old Zhai Weimin has completed his sentence for his involvement in the 1989 democracy movement. Zhai made China's 21-most-wanted list after the Tiananmen crackdown.

Meanwhile, the wife of jailed activist Wang Juntao is on her way to Europe after authorities decided two days ago to issue her a passport. Hou Xiaotian says her husband's health has deteriorated since she saw him two months ago in a Beijing prison.

[Hou] Now he is in the hospital for medical treatment, but his health situation is very terrible.

[Yiu] Hou will visit relatives and plans to gather support overseas for her husband's release.

[Hou] First is to meet my parents, sisters, and some friends; second is [passage indistinct] to do some efforts for my husband for his releasing.

[Yiu] Hou says her ability to leave the mainland is the direct result of Beijing's bid for the Olympics. It's believed authorities want to keep Wei Jingsheng out of the limelight in fear his release may be a too obvious attempt by China to win the Olympics. There are just eight days to go before the IOC [International Olympic Committee] decides who'll get the games. So it remains to be seen whether China will continue to release activists as the final countdown begins. Susan Yiu, ATV News, Beijing. [end recording]

#### Comment on, Reaction to Freeing of Dissident Wei

##### Deng's Role Viewed

*HK1509055293 Hong Kong LIEN HO PAO in Chinese 15 Sep 93 p 2*

["Special report" from Hong Kong by reporter Shih Lei (4258 4320)]

[Text] Wei Jingsheng can go home at last. Wei Jingsheng, a major political prisoner, was set free after he spent 14 years and six months in jail. The release of Wei, much like his imprisonment years ago, has caused a sensation throughout the world. The trump card played by the CPC at such a crucial moment can be called a significant move that seems to determine the fate of its bid to host the Olympic Games.

However, it was after some dispute that the CPC finally made up its mind. There is an essential difference between the imprisonment of Wei Jingsheng and other pro-democracy activists. When the Xidan Democracy Wall first appeared in Beijing, the CPC did not publicly interfere in any open activities advocating democratic ideas. Yet, Wei Jingsheng's article entitled "Do We Want Democracy or a New Dictatorship?" which he released at a later time, enraged Deng Xiaoping; as a result, Wei Jingsheng was put into prison with a heavy sentence. Stories spread inside political circles have it that Deng Xiaoping, boiling with rage, claimed that he did not want to see Wei Jingsheng at large during his lifetime. However, Deng Xiaoping makes another choice 15 years later, and Wei Jingsheng was set free before his jail term expires.

It has been learned that Deng Xiaoping's daughter Xiao Rong played a big role in persuading her father to make this compromise on the early release of Wei Jingsheng. Under persuasion of his daughter, Deng Xiaoping agreed to consider the matter from the angle of "national interests." At a meeting called by the CPC Political Bureau, Jiang Zemin relayed Deng Xiaoping's notion on the release of Wei Jingsheng, which was adopted unanimously by seven Standing Committee members of the Political

Bureau. Discussion on the entire release plan took only a few weeks, and the decision came out at the beginning of this month.

Within several hours after Beijing's judicial departments received instructions from the top leadership, the Supreme People's Court President Ren Jianxin and Minister of Justice Xiao Yang issued a written instruction to the Tangshan City Intermediate People's Court.

As early as the beginning of this year, some people from the top leadership suggested releasing Wei Jingsheng to improve China's international image. However, since Wei Jingsheng was a major political prisoner denounced by name by Deng Xiaoping, nobody dared to bring up the matter with Deng. That is why China only released Wang Xizhe, Wang Dan, and Xu Wenli when it tried to ease pressure of the outside world on China's MFN trade status.

Recently, several U.S.-based human rights groups sent delegations to Beijing to acquaint themselves with the human rights situation on the Chinese mainland. During their stay in Beijing, the delegations raised again to Jiang Zemin the topic of political prisoners, and hinted that the mainland might fail in its bid to host the 2000 Olympic Games if it refused to give a goodwill response. Looking at the list of political prisoners in their hands, the CPC found only Wei Jingsheng was about to complete his jail terms. It would be better to give him an early release than let him complete his jail terms. Therefore, people lobbied Xiao Rong to persuade her father. Things went smoothly, and Deng Xiaoping finally gave the go-ahead.

Meanwhile, in order to show further sincerity, the Beijing authorities will soon release another two political prisoners, Wu Xuecan and Qu Weimin, who were convicted of charge of participating in the 1989 pro-democracy movement.

#### Editorial Sees Hopeful Signs

HK1509074093 Hong Kong SOUTH CHINA MORNING POST in English 15 Sep 93 p 24

[Editorial: "Dissent After Deng"]

[Text] While it is almost certain that the release of China's most famous dissident Wei Jingsheng is critical to Beijing's no-holds-barred bid for the Olympics 2000, the gesture has a significance that is wider than currying favour with international opinion. It is generally assumed that patriarch Deng Xiaoping gave the order for Wei's 15-year imprisonment in late 1979, and over the years repeatedly rejected the advice of aides that Wei's early release could earn China a windfall of goodwill. That Mr Deng or the party faction that favours the hard-line treatment of bourgeois-liberal intellectuals has finally relented, could signal a new phase in Beijing's relationship with dissidents. This is despite the fact that the selective release or parole of big-name dissidents has coincided with the continued arrests or harassment of lesser-known intellectuals whose lack of name recognition might not provoke an international outcry.

Liberal elements within the Communist Party, including followers of former party chief Zhao Ziyang who are still in power, have argued that the chapter on June 4 and the party's four-decade-old repression of dissident opinion should be closed. In the past year, several dissidents have received "subsidies" from the State Security Ministry to start businesses. A dozen or so bourgeois-liberal intellectuals and "trouble-makers", including Hou Xiaotian, the wife of "black hand" dissident Wang Juntao, have been allowed to go abroad. And Beijing has, in a circuitous way, encouraged overseas-based dissidents to return to China, provided they do not engage in political activity.

The Communist authorities, however, have to demonstrate much more sincerity and tolerance before a meaningful dialogue can begin between the still-vengeful state and individuals who want to radically speed up reforms. Beijing should, for example, take up the suggestion of its own respected liberals and declare an amnesty for those implicated for their involvement in the June 1989 crackdown. Those dissidents who have fled overseas and want to return should be guaranteed freedom from recrimination or harassment. Much as they might be perceived as a threat to the administration, dissidents both in China and overseas are a pool of talent that, at a time when many cadres are abandoning government for enterprise, the Communist Party can ill afford to waste.

#### Release 'Cynical Ploy' for Olympic Bid

HK1509080093 Hong Kong THE STANDARD in English 15 Sep 93 p 12

[Report by Catherine Ng and M.Y. Sung]

[Text] Local human rights activists and politicians have interpreted the release of China's best-known dissident, Wei Jingsheng, as a "cynical ploy" aimed at winning Beijing the bid for the Olympic Games. But leading sports personality, Timothy Fok, was the only one to defend China's latest move saying "it's a coincidence". Fok, the director of the Hong Kong Liaison Office of the Beijing 2000 Games Bid said there was no political intention behind Wei's release.

Robin Munro, the Hong Kong director of the United States human rights group Asia Watch, said Wei's release was more than a move to win votes, it aimed to redress the balance on recent "unfavourable international opinion against China". "Beijing deserves no human rights credit points whatsoever with this release," he said. "Now that Wei's finally out let's talk about the other thousands of dissidents who are being held in China."

The Hong Kong Alliance in Support of the Patriotic and Democratic Movement in China said Beijing would use Wei as a "bargaining chip" for next week's meeting in Monaco of the International Olympic Committee (IOC) held to pick the venue of the 2000 Games.

The justice ministry in Beijing said Wei, 43, sentenced to 15 years' imprisonment for his leading role in the 1978-79 Democracy Wall campaign, was freed six months early



yesterday for "good behaviour". Now on parole, Wei would have to report regularly to police, a ministry spokesman said.

Lau Yui-siu, deputy editor-in-chief of the local China watching journal *THE CONTEMPORARY* [TANGTAI], told *THE STANDARD* that Wei's release was only one in a series of moves to offset recent unfavorable international opinion against China. "Revoking Han Dongfang's passport and jailing Xinhua's sub-editor Wu Shisen have sparked off a world attack on China and tarnished China's image. The Han issue has also shaken the Chinese government's internal stability because some deputies of the National People's Congress (from Hong Kong) and pro-Beijing people have expressed their disapproval of Beijing's handling of the case". He said China had therefore to adopt this "expedient measure" to offset such negative views, locally and abroad. Lau said it would be unrealistic of China if it really meant to use the move to win the Olympic Games bid. "China should know the International Olympic Committee will take into consideration its ability to host the Games, the availability and quality of sports facilities, rather than the question of human rights alone," he said.

Munro, who closely monitored the fate of China's political prisoners, said that under Beijing's own regulations, Wei should have been freed on parole for good behaviour three or four years ago. "It's always good news when a dissident, especially someone with the status of Wei Jingsheng, is released," he said. "But the timing of his release is clearly designed to influence the IOC's decision next week. The release appears to be a cynical ploy by Beijing."

Cheung Man-kwong, spokesman for the Hong Kong Alliance, welcomed Wei's release calling him "the pioneer of China's democracy movement". But he said his release had a "political motive"—to divert public opinion so as to secure the first summer Olympiad of the new millennium. "This is a shame... democracy activists shouldn't be used as political bargaining chips," he said. "Even the blind can see China's motive. It's a pity that a fighter for democracy such as Wei is being used as a political pawn by his own government," Cheung said. He said if China really wanted to improve its human rights record, it should release other political prisoners such as activists Wang Juntao, Chen Ziming and Ren Wuanding.

Munro said that by China's own admission, more than 3,000 "counter-revolutionaries" still languished in prisons and labour camps. Asia Watch's own list of political prisoners surpasses 1,000.

Weng Byron, professor of the Government and Public Administration Department at the Chinese University of Hong Kong, said: "Although I welcome the decision, it has come too late". Dong Likun, law professor at the University of Shenzhen, said China's motive was obvious—the Olympic Games. Chou Hui-min, deputy professor of the history department at Taiwan National Chengchi University, said: "It is useless to use this (the move) to improve China's international image.

United Democrats Legislator Yeung Sum said Wei's release did not show China had made a significant change in its attitude towards human rights. "If the Chinese government really cares for human rights, it should have released Wei and all other jailed political dissidents much earlier. Setting Wei free is obviously aimed at their bid to host the Olympic Games."

In reaction to Wei's release, the Liberal Party released a statement saying that it was "a development in the right direction" and hoped it was "an indication that China will take steps to reflect her growing recognition and respect for the rights and freedom of the individual". The party chairman Allen Lee said it was understandable that China had to take time to open up to the world and Wei's release was an encouraging step in the right direction. He did not agree with the opinion that China had not improved its human rights record because Wei had served 14½ years of his 15-year sentence. "Wei's early release, even though it was only half a year, was better than nothing," Lee said. With regard to the reason for Wei's conviction, Lee said the Chinese government should review its attitude towards free speech.

#### Editorial: Move 'Clumsy, Transparent'

HK1509080293 Hong Kong *THE STANDARD* in English 15 Sep 93 p 2

[Editorial: "Wei Release Is a Clumsy Olympic Bid"]

[Text] To no one's great surprise, another dissident has been released by the Beijing authorities. The most surprising thing about this gesture, in fact, is that China has bothered to attempt it. Don't they realise that the world will see it as a clumsy and transparent attempt to bolster China's chances of securing the 2000 Olympics? While welcoming the early release of Wei Jingsheng, local China-watchers have accused Beijing of repeating old tactics of using political prisoners to serve her short-term ends rather than show its willingness to improve human rights.

Wei, 43, is not just another dissident. An early champion of free speech, he called paramount leader Deng Xiaoping a despot 15 years ago in the days of the Democracy Wall movement. Wei, who has served 14 years of his sentence, was given the first Gleitsman Foundation International Activist Award in New York in March this year. It was revealed at that time that a leading Chinese students' activist group in the US had written to President Bill Clinton warning that China was using jailed dissidents as bargaining chips to gain advantage with the West. "We were expecting a gesture like that ahead of next week's International Olympic Committee (IOC) meeting in Monaco, but the Chinese have really chosen the best of all dissidents, a true symbol," a Western diplomat said. The decision on the 2000 Olympics host will be made in Monaco.

Beijing officials have denied that there is a link between Wei's early release and the Olympic campaign. These officials must be aware, however, that human rights organisations in the U.S. and Europe have called on the IOC to reject Beijing's bid, as has the U.S. Senate. A story in

today's STANDARD takes note of some suspicious coincidences, including the fact that another prominent dissident was released on the eve of a visit to Beijing by IOC inspectors. The freeing of these dissidents is clearly intended to remove a problem that has cast long shadows over Beijing's relationship with the West.

The Middle Kingdom, it seems, is determined to carve out an international role befitting its size and ambitions, which will require a measure of cooperation with such countries as the U.S. Hosting the Olympics is seen in Beijing as the crowning achievement of the nation's drive to modernise its economy.

China has made a foolish mistake. The release of Wei may be counter-productive. IOC officials are not fools. They have seen it all before. And they can see through this latest "humanitarian" gesture by Beijing.

### Two More Pro-Democracy Dissidents To Be Released

HK1509023493 Hong Kong LIEN HO PAO in Chinese  
15 Sept 93 p 2

[Report from Hong Kong by reporter Shih Lei (4258 4320): "Wu Xuecan and Zhai Weimin To Be Released Today or Tomorrow"]

[Text] Following yesterday's release on probation of Wei Jingsheng, an important political criminal, the Beijing authorities will release Wu Xuecan and Zhai Weimin today or tomorrow. Wu and Zhai were participants in the 1989 democratic movement, and Zhai will be the last student leader released by the CPC.

It was learned that Zhai Weimin, 24, was originally a student of the Beijing Economics Institute. After the 4 June Incident, he was one of the criminals on the wanted list. After being in exile for one year, he was arrested in June 1990 and sentenced to four years in prison on a charge of "carrying out counterrevolutionary propaganda and instigation." This time he will be released on probation one year in advance, and this is said to be the first step made by General Secretary Jiang Zemin to improve relations with the students involved in the 4 June Incident. To this date, all the imprisoned student leaders involved in the 1989 democratic movement have regained freedom.

Wu Xuecan was former editor of Beijing's RENMIN RIBAO OVERSEAS EDITION. He will be released on probation tomorrow before his sentence expires. On 11 September, our paper already had a report on it. After being arrested in Hainan on 6 December 1989, Wu was sentenced to four years in prison. The sentence will expire on 6 December this year.

It was said that when pleading for himself in court, Wu said the government should not declare him guilty for quoting Zhao Ziyang's remarks in a RENMIN RIBAO extra, and demanded that the court summon Zhao Ziyang as a witness.

Beijing's intellectual circles held that the successive releases of political criminals by the CPC are a gratifying

matter, even if all this has been done passively. At the same time, they hoped the CPC will continue to release other political criminals who are still in prison, such as Bao Tong, Ren Wanding, Wang Juntao, and Chen Ziming, before their sentences expire.

### AFP: Student Leader Zhai Weimin Freed

HK1509064093 Hong Kong AFP in English 0543 GMT  
15 Sept 93

[Text] Beijing, Sept 15 (AFP)—A Chinese student leader of the 1989 pro-democracy protests was released from prison after serving out his three-and-a-half-year sentence, the Justice Ministry said Wednesday. Zhai Weimin, who was sixth on a government list of 21 most-wanted students, was freed Monday from a prison in Hebei province, which surrounds the capital, ministry spokeswoman Chen Ming said, adding that he "should be at home."

Zhai's release came a day before [as received] China said it paroled Wei Jingsheng, the country's longest serving political prisoner. Diplomats said the human rights gesture was a bid by Beijing to strengthen its bid to host the 2000 Olympics, which will be decided September 23.

Zhai, 23, went into hiding after the Tiananmen Square crackdown and continued a clandestine campaign for democracy through an underground group, the Democratic Front for the Salvation of China. At a secret press conference two months before his arrest in May 1990, Zhai said more than 60 people participated in a conference of the front. Several of the forum members are believed to still be imprisoned. Zhai was sentenced here on February 25 last year for "counter-revolutionary propaganda and incitement."

The ministry spokeswoman said that Wu Xuecan, a dissident PEOPLE'S DAILY [RENMIN RIBAO] editor due for release in December, and Bao Tong, the highest-ranking official jailed for involvement in the 1989 protests, remained in jail.

### Beijing-Based Academic Calls For Political Reforms

HK1509071993 Hong Kong SOUTH CHINA  
MORNING POST in English 15 Sept 93 p 10

[Report by Chris Yeung]

[Text] Political reforms, though still considered taboo in China, must be accelerated to avoid setbacks in economic reforms and eliminate the chronic problem of official corruption, according to a Beijing University scholar. The bold call for "political reforms above economic reforms" was made in Hong Kong yesterday by Professor Gao Fang, Director of the Institute of International Affairs at the People's University in Beijing.

"If political reform remains stagnant in the long run, economic reform will certainly suffer a blow. Even if the economy has grown, the problem of corruption will not be eradicated. It will even worsen to the extent that the authority of the ruling party and the Government will be

undermined," he told a three-day symposium on China's development organised by Chu Hoi College.

Professor Gao warned that the Communist Party might lose its regime if it failed to learn a lesson from the demise of its communist allies in Eastern Europe and the former Soviet Union. The party had said the former Soviet regime disintegrated because it had tried to bring in democracy before liberalising its economy. Professor Gao disagreed. He attributed the Soviet downfall to its failure to introduce political reforms to help eliminate feudalistic systems including the centralisation of power among individuals, life tenure system and handpicking successors. He said those feudalistic hangovers had remained on the mainland because political reform had fallen far behind economic reforms since 1978. This has led to a worsening of problems occurring in the course of economic reform such as profiteering and corruption, he noted.

Professor Gao said the improvement of legislation would not work if there was no democracy and supervision by the people and public opinion. "If (cases related to) senior cadres and their family members cannot be dealt with by law, it is still a system of rule by individuals and not rule by law," he said.

On the other hand, Professor Gao argued that the past 14 years of economic reforms had achieved progress because the ruling regime did venture on political changes such as collective leadership. Those changes were not enough, he said, adding malpractices such as the concentration of power in the hands of a few were still prevalent.

#### **Article Discusses Deng Xiaoping's Health, Biography**

*HK1409150493 Hong Kong CHING PAO in Chinese No 6, 5 Sep 93 pp 34-35*

[Article by Hsiao Hsiao (5618 5618): "Deng Xiaoping's Recent Condition and the Book Published by His Daughter Mao Mao"]

[Text] As soon as July had passed, people began to shift their focus of attention onto Deng Xiaoping, China's number one political octogenarian. The 22d day of August this year marked his 89th birthday.

When Deng Xiaoping publicly celebrated his 80th birthday at Beidaihe in 1984, the CPC higher leadership broke the rule of no birthday celebrations for leaders that had been followed since the Mao Zedong era. The CPC central authorities have also issued an internal circular: "From now on celebrations will be held on the birthdays of old comrades aged over 80." Therefore, where Deng Xiaoping would pass his birthday this year was indeed an interesting topic drawing the world's attention.

#### **Why Did Deng Not Visit the Summer Capital This Year?**

A report said Deng Xiaoping did not visit Beidaihe this summer, which is absolutely an exception since his being transferred from the Southwest Bureau to Beijing to take up the appointment of vice premier of the Government

Administration Council of the Central People's Government in 1952 (excluding the "Cultural Revolution" period). As usual Deng Xiaoping did apply to the CPC central authorities early this summer for a trip to Beidaihe. He said he wished to go there to swim in the sea. But his doctor firmly advised him not to go. The doctor said: "Anyhow you must not swim in the sea anymore this year." Deng Xiaoping readily accepted the doctor's advice. He said: "Then I need not go to Beidaihe this year." (Another report said Deng Xiaoping went to Beidaihe in the end.)

The report also said Deng Xiaoping recently underwent a comprehensive health check in Beijing conducted by a group of senior medical experts from Beijing and Shanghai. The outcome of the health examination showed that his overall condition was good, and the experts were satisfied with the result.

On 22 August, Deng Xiaoping quietly passed his 89th birthday in his spacious home in Beijing, together with his wife and children. Many important figures gathered together in Deng's residence on that day. It is said that the premier, Li Peng, who was then recuperating in Beidaihe with a large group of medical personnel attending him, also rushed back to Beijing to congratulate Deng on his birthday. Among the guests was former state President Yang Shangkun, who comes from the same province, Sichuan, as Deng Xiaoping and who has been Deng's partner and supporter for many years. Since the 14th CPC National Congress, there had been basically no contact between the Dengs and the Yangs. Last April, Yang Shangkun fractured a leg. He specially told his subordinates not to let Deng Xiaoping know about this. But Deng learned about it anyway, and sent his aide to see and convey his regards to Yang on his behalf. Since then Deng and Yang have got along well again. Publication of Mao Mao's Work Makes the Birthday More Jubilant [subhead]

Although this 89th birthday did not mark the end of a decade, Deng's birthday this year was an occasion of extra jubilation, because it coincided with the publication of Volume I of *My Father Deng Xiaoping*, by Deng's youngest daughter Mao Mao (that is, Deng Rong, who is also known as Xiao Rong). This book is now being published in installments by four major newspapers in mainland China, namely, WEN HUI BAO, RENMIN RIBAO OVERSEAS EDITION, RENMIN RIBAO, and JIEFANGJUN BAO. The Hong Kong newspaper HSIANG KANG SHANG PAO has followed suit, reprinting an abridged version of the book in installments.

The report also said Deng Xiaoping's family is enjoying a jubilant atmosphere because of the publication of Mao Mao's work. Recently Deng Xiaoping suddenly asked Mao Mao: "How much are you being paid for writing the book?" Mao Mao answered: "About 200,000 yuan." (This is only the payment for the first edition, offered by Wenxian Publishing House.) Deng Xiaoping then said: "Then I will take a 3 percent share of the payment as commission." On hearing this all the family members burst into laughter, as they believed Deng Xiaoping had charged too little. Some family members who are quick at



figures made a careful calculation of Mao Mao's income derived from the writing of the book, and they found that the payment could be considerable. Apart from HSIANG KANG SHANG PAO, publishers from Taiwan and Japan have bought the copyright, French and British publishers have decided to buy the copyright too, and the U.S. THE NEW YORK TIMES is contacting Mao Mao to purchase the copyright. It has been agreed that all the income to be derived from overseas copyrights of the book will be paid to Mao Mao and will have nothing to do with Wenxian Publishing House. As overseas copyright contracts are offered to Mao Mao one after another, she is likely to become a millionaire of the Dengs overnight. So Deng Xiaoping's 3 percent commission would naturally bring him considerable wealth. Upon realizing this, Zhuo Lin declared in a hurry: "I must take 3 percent commission too."

#### **Xiao Rong Has All the Potential To Become a Great Writer**

The third princess of the Deng family has all the potential to become a great writer, which was already displayed a few years ago when she published her article "The Days in Jiangxi." But that article was merely the first small display of a master hand. It is totally different this time, as she is presenting a monumental work, which has been immediately reprinted by newspapers, with editors' notes and the author's brief biography attached to it. This is the usual way in which an important and influential writer is presented to readers. But Mao Mao has not only displayed the talent of a great writer. What is more eye-catching is her extraordinary political potential. The mainland Chinese press is now watching the rise of Xiao Rong as a star, a new, dazzling star on the political horizon. Many reporters are trying to interview her. Some people praised her: "You are probably the most good-looking one in your family." Mao Mao immediately responded: "Then you mean all other members of my family are not good-looking?" Her straightforward style astonished the interviewers. Is this not a character she has inherited from her father?

#### **Deng Lin Praises Her Two Younger Sisters**

This author would like take this opportunity to mention the eldest daughter of the Deng family, Deng Lin. Deng Lin, who has devoted her life to the arts, always frankly admits that she is not good-looking. But she always praises her two younger sisters. Her comment on them is: "My next younger sister (Deng Nan) is pretty, and my youngest sister (Deng Rong) is good-looking." By her standard, "pretty" and "good-looking" are two terms belonging to two completely different categories. Pressing down her own nose with her finger, she said: "Most members of my family have a flat nose like my mother's. Only my youngest sister and I have a good-looking, elevated nose like my father's." It seems that a forthright and resolute character is a common characteristic that Deng Xiaoping has passed on to his children.

Since Deng Xiaoping is not going to write any memoirs of his own, *My Father Deng Xiaoping*, the biographical literary work by Xiao Rong, who has claimed to be

"merely the ears of my father," is believed to serve as a substitute for Deng Xiaoping's own memoirs. When the second and last volume of the book, which may contain full, more accurate, and more detailed information, is completed, Xiao Rong will become the most authentic spokesperson for her father.

#### **Jiang Zemin Speaks on Anticorruption Campaign**

OW1409125393 Beijing XINHUA Domestic Service in Chinese 0605 GMT 14 Sep 93

[Speech by CPC General Secretary Jiang Zemin at the Second Plenary Session of the CPC Central Committee Discipline Inspection Commission on 21 August]

[Text] Beijing, 14 Sep (XINHUA)—This plenary session of the CPC Central Committee Discipline Inspection Commission is very important. On the basis of the Central Committee's views, the meeting will draw up specific measures for intensifying the anticorruption struggle, for improving party conduct, and for promoting administrative ethics in the near future. The party Central Committee and the State Council attach great importance to this meeting. Party committees and governments at all levels must earnestly implement the meeting's guidelines, and must firmly proceed with the anticorruption struggle, considering it a major political assignment and making sure that conspicuous success will be achieved at various stages in the near future.

Comrade Wei Jianxing has already specified the assignments and plans for this project. His speech was a very good one. Now I would like to share with you some of my observations.

#### **1. Consolidate and Develop the Current Good Situation**

Guided by Comrade Deng Xiaoping's important talks and the guidelines laid down by the 14th party congress, China has been able to maintain the momentum of its vigorous national economic development; new headway has been made in launching various reforms and opening programs focused on building a socialist market economic system, and new success has also been achieved in various other fields. On the whole, the situation is good. The better the situation is, the more sober-minded we should be so the contradictions and problems in our way can be discovered and resolved in time. Only by doing so can we properly guide, preserve, and manifest the initiative of the vast number of cadres and masses; can we do an even better job in seizing the opportunity to focus on economic construction, deepen reform, and expedite developments; and can we push our national economic development to another new stage in several years and bring about progress in all social sectors. To this aim, the Central Committee, on the basis of earnestly analyzing the current situation and in view of certain outstanding contradictions and problems in our way, has decided to deepen reform as well as strengthen and improve the macroscopic regulation and control for the national economy. Meanwhile, it has also drawn up plans for intensifying comprehensive control over public offenses as well as for building a stronger party. Now the Central Discipline Inspection Commission has

called this plenary session to discuss and plan the fight against corruption. All this is for actively, correctly, and fully implementing Comrade Deng Xiaoping's important instructions and the guidelines of the 14th party congress, as well as for consolidating and developing the good situation. Leading cadres at all levels, and especially high-ranking cadres, must associate the overall plan with the actual situation in their respective regions and departments; strive to do their jobs well; and make sure the Central Committee's decisions are implemented.

## **2. Assess the Current Situation of Anticorruption in a Practical Manner**

I have two points to make on this issue. First, our party's line is correct, the party's mainstream is good, and the majority of party members and cadres are honest in performing their public duties. China's tremendous economic development and social progress in all fields over the past decade or so is the result of the united efforts exerted by the vast number of party members, cadres, and masses; the anticorruption struggle has also been effective. These are basic facts. Second, the phenomena of corruption indeed exists within party and state organs, and these phenomena are growing and spreading in certain sectors. The vast number of party members, cadres, and masses are deeply worried by these phenomena; they earnestly hope they can be dealt with with resolute measures. While we should not deny that the party's mainstream is good, we should not underestimate the seriousness and danger of the phenomena of corruption. These phenomena are viruses which have found their way into the healthy bodies of party and state organs. If we take them lightly and let them spread unchecked, they will ruin our party, our people's political power, and the great cause of our socialist modernization drive. Our party, cadres, and people will never permit this to happen. While we must persistently fight corruption, we must be vigilant so hostile forces cannot take advantage of this issue to sling mud at our party and at socialism. The CPC is a long-tested, militant, and great party. We Chinese are a great people who have glorious revolutionary traditions. Since the party was able to lead the people in building a new China, in establishing a socialist system, and in creating a new situation for reform, opening up, and modernization, it certainly can count on its own strength and the people's support in combating the phenomena of corruption.

## **3. Anticorruption Is Essential for Implementing the Party's Basic Line and an Important Guarantee for Boosting Economic Construction**

We must always follow both Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line; firmly focus on economic construction; and, through carrying out reform, firmly develop a socialist market economy, a socialist democracy, and a socialist spiritual civilization so we can build China into an affluent, powerful, democratic, and civilized socialist country. Our work in all fields must proceed around and serve economic construction, which is the central task. This central task shall not be interfered with. Our anticorruption struggle is an important, indispensable

task for guaranteeing the smooth progress of reform, opening up, and economic construction; this struggle is an important aspect of our socialist spiritual construction. We cannot possibly succeed in building socialism with Chinese characteristics if we fail to resolutely combat the phenomena of corruption. While it is wrong to pit the anticorruption drive against economic construction, reform, and opening up out of fear that it will hinder economic construction, reform, and opening up, it is also wrong not to focus our attention on economic construction or do an even better job in serving economic construction, reform, and opening up while fighting corruption.

## **4. The Whole Party Must Restudy Comrade Deng Xiaoping's Expositions on Improving Party Conduct, Promoting Administrative Ethics, and Fighting Corruption**

Since the Third Plenary Session of the 11th CPC Central Committee, the CPC—while leading reform, opening up, and modernization—has always attached great importance to improving party conduct, promoting administrative ethics, and fighting corruption. In this regard, Comrade Deng Xiaoping has put forth a series of important instructions. The major ones are:

- In order to achieve modernization, we should have a correct and consistent political line, a political situation marked by stability and unity, and a contingent of professionally trained and capable cadres who uphold the socialist course. Moreover, we must also have a hardworking spirit to engage in pioneering work and to do such work honestly. After the economy has developed and the people's livelihood has improved, we must admonish the people, including CPC members, that they should maintain their hardworking tradition. When the economic situation has improved, we must encourage hard work. Education about hard work and plain living should be intensified from now on. The more our country has developed, the more we should underscore hard work while engaged in pioneering work. Encouraging people to work hard can also help the fight against corruption.
- Ever since we adopted the policy of opening up to the outside world and rejuvenating the economy at home, many cadres have become corrupted in just a year or two. We should have adequately anticipated such a situation. This gust of wind is quite strong. If our party does not pay serious attention to this gust of wind and stop it with resolve, then there will certainly arise the problem of whether our party and state will "change its outlook." This is not an exaggeration for scaring people.
- Our economic construction has been quite successful. The situation is gratifying. This is a success our country has achieved. However, if the atmosphere continues to deteriorate, what is the use of economic success? It will create a situation in which degeneration in one aspect will cause degeneration of the economy as a whole; if the situation continues, the world will become filled with rampant corruption, theft, and bribery.

—While attending to reform and opening up, we should also crack down on corruption. Contrasting these two tasks will make our policies even more clear-cut, more explicit, and more popular. While attending to reform and opening up, we must crack down on crime. We must be firm on both accounts. We cannot afford to be soft when cracking down on crime, and we must eliminate all sorts of viles. Socialism with Chinese characteristics is socialism with successful material and spiritual construction.

—How long the work of improving party conduct, stopping unhealthy practices, and cracking down on crimes should go on is determined by how long the policy of opening up and rejuvenating the economy can go on; only by doing this can we make sure our opening up and rejuvenation can be correctly executed. We must combat corruption throughout the process of reform and opening up.

—To heighten public awareness we must first improve party conduct. In improving party conduct lies the key to heightening public awareness. We have time and again underscored the need to censure corruption, and the reason why the results have been insignificant [cheng xiao bu da 2052 2400 0008 1129] may be found within the party. Some of our comrades who have immersed themselves in handling things in specific fields pay no attention to political activities or ideological work; they are not vigilant enough for corruption, and their corrective measures are ineffective. If China has problems at all, they come from the CPC. The key issue is that the CPC itself must be sound.

—Senior cadres must take the lead in carrying out the party's fine traditions. To improve the conduct of the party and the people, senior cadres must start by improving their own conduct first.

—A state must have state laws, and a party must have party regulations and party laws. The party constitution contains the most fundamental party regulations and party laws. It would be difficult to safeguard state laws if there were no party regulations and party laws. In addition to handling cases, the most important job for discipline inspection commissions and organization departments at various levels is to safeguard party regulations and party laws, and to make earnest efforts to improve party conduct. Those who have violated party discipline must be disciplined no matter who they are in order that rewards or punishments can be meted out for achievements or errors, justice can be upheld, and unhealthy tendencies denounced. Education and law is required for building an honest and clean government.

—We must be good at summing up experiences in combating corruption and promoting administrative ethics. When we can do this our steps will be steadier and firmer, and our development will be even faster.

Comrade Deng Xiaoping's above-mentioned instruction on rectifying party style, strengthening the building of an

honest government, and opposing corruption is an important component part of the theory of building socialism with Chinese characteristics. Comrades from the entire party—especially leading cadres at various levels—while studying the theory of building socialism with Chinese characteristics should restudy Comrade Deng Xiaoping's instructions in this respect, understand the essence of his instructions in a penetrating manner, and use it to arm their minds and guide their anti-corruption struggle.

#### **5. Correctly Understand the Social and Historical Reason for the Emergence of Corruption**

Corruption is a historical phenomenon. It is mainly reflected by such things as embezzlement, perversion of the law, bribery and accepting bribes, blackmail, using power and money as a means of doing business, squandering people's wealth, and moral degeneration. The phenomenon is essentially a product of the system of exploitation and of classes. Throughout China's history, although there were emperors who worked hard to make the country prosperous and officials who resisted corruption, the ruling classes of various dynasties could not fundamentally solve the problem of corruption. The exploiting class is intrinsically against the people, and the downfall of various dynasties were all related to the corruption of their political power.

The CPC is the vanguard of the Chinese working class; its fundamental goal is to serve the people whole-heartedly. The essence of socialism is to liberate and develop the productive forces, eradicate exploitation, eliminate the situation in which society is divided into two opposing extremes, and gradually achieve the goal of common prosperity. The Communist Party and the socialist system are fundamentally incompatible with any form of corruption. Since its founding, the CPC has always attached importance to strengthening its own building in the course of leading the Chinese revolution and construction. It has been waging struggles against the influence of the exploiting classes and the negative phenomenon of corruption. It has strived to maintain purity and has paid attention to building an honest government. During the Yanan period, our party formulated the "(Draft) Regulations on Punishing Corruption in the Shaanxi-Gansu-Ningxia Region." In 1944 Chairman Mao called on the entire party to study Guo Moruo's noted historical commentary "The 300th Anniversary of Jia [the first of the ten Heavenly Stems] Shen [the ninth of the twelve Earthly Branches]," which sums up the failures of a peasants' uprising led by Li Zicheng. He warned the entire party and called on it to "learn a lesson from this previous error and refrain from committing the mistake of arrogance in times of victory." In July 1945, when discussing with Huang Yanpei how the CPC should avoid the historical cycle from prosperity to decline, Chairman Mao put forward the important thinking of relying on democracy and people's supervision of the government, as well as guarding against pessimism and corruption. At the Second Plenary Session of the Seventh CPC Central Committee, Chairman Mao once again reminded the entire party to maintain the style



of being modest and prudent and being free from arrogance and rashness, to preserve the style of plain living and hard struggle, and to guard against the sugar-coated bullets of the bourgeoisie. After the founding of New China, our party made achievements known to all the world in wiping out evil in society and being clean and honest in carrying out the work of the party and the state. In his southern inspection tour, Comrade Deng Xiaoping also mentioned this. He said: "After the founding of New China, it took only three years to wipe out evil. Who in the world could wipe out the use of opium and morphine? The Kuomintang and capitalism could not do it. Facts have proven the CPC can eliminate such evils." In recent years, the experiences of many localities have proven that, so long as we seriously tackle the problem, we can certainly achieve good results in the struggle against corruption. Our party's clear-cut stand on persisting in the struggle against corruption is precisely a demonstration of the power of our party.

There are various complex reasons for the continued presence of corruption in our country under the conditions of socialism. Ours is a country with a long history of being a feudal society. The influence of feudalism and other exploiting classes will exist for a long time and will be reflected in various forms. When we open up to the outside world, and borrow and utilize the results of modern civilization from various countries throughout the world—including developed capitalist countries—the corrupt aspects of capitalism sneak into our country at the same time. In establishing a socialist market economy, we must undergo a difficult change of course from the old to the new system. Due to unsound and imperfect systems and mechanisms, as well as loopholes and weak links in carrying out various work, corrupt situations may easily emerge. In recent years, some localities and departments have not attached importance to ideological and political education for party members and cadres; money worshiping, hedonism, and ultra-individualism have entered into the minds of some party members and cadres. This is also an important reason for the spread of corruption.

While knowing the anticorruption struggle involves long-term and arduous tasks, we should possess a practical sense of urgency, adopt effective measures to resolutely stop corruption from spreading, and strive to solve prominent problems.

#### **6. Important Tasks To Be Successfully Carried Out Against Corruption in the Recent Period**

1. Leading party and government cadres at all levels should take the lead in staying clean and honest. In light of the new situation and problems, the current conference has set new demands on leading cadres at and above county level to remain clean and honest. In particular, leading cadres at the ministerial and provincial level should set an example. Party committees as well as discipline inspection and supervision organizations should strengthen their supervision and inspection over such work.

2. Extra efforts should be made to investigate and crack down on major cases, especially cases involving working

personnel from leading party and government departments, judiciary departments, administrative and law enforcement organs, and economic management departments.

3. Close attention should be paid to the most conspicuous problems in local areas, local departments, and local units in order to stop unhealthy tendencies which have aroused waves of complaints from the masses; marked results should be achieved within this year. A national campaign should be launched to rectify the practice of random collection of fees, especially the indiscriminate collection of fees by state organs through the abuse of power. The State Council will make a special decision in this respect. All party and government organs are not allowed to be involved in business, and those party and government officials who are involved in business must quit their official posts within the original departments according to regulations. Law enforcement organs should draw a clear line between their income and expenditures. The money such organs obtain from fines and confiscations must be turned over to the state, while expenditures for various uses should be appropriated by financial departments at different levels. Central state organs should concentrate on solving a few key problems by launching a special rectification campaign. For instance, railway departments should pay attention to stopping the practice of using wagons and tickets to seek private interest; banking and financial departments should "strictly abide by the law" and stop unhealthy practices; and agricultural departments should continue to make efforts to reduce the peasants' burdens. All other departments should also solve their conspicuous problems in the light of actual situations. It must be stressed that public security and judicial organizations as well as customs and border inspection departments are assuming important duties to protect state interests and the people's security. Those organizations must set examples in observing laws and discipline, in performing their duties strictly according to the law, and in seriously improving their own building.

Party committees and governments at various levels must firmly implement the above-mentioned three tasks and observe prohibitions. Those who do not adhere to the orders and observe prohibitions must be resolutely handled. On no account should they be tolerated.

#### **7. The Following Principles Must Be Observed in the Anticorruption Struggle**

1. We must adhere to the party's basic line; focus on the central task of economic construction; and render service to advance reform, construction, and development.

2. It is necessary to stress important issues. The current fight against corruption will be conducted in party and government departments; the emphasis will be placed on party and government leading organs, judiciary departments, administrative and law enforcement departments, and economic management departments.

3. The fight against corruption should begin first among leading cadres, especially senior cadres, and include those staff members around the leading cadres.

4. In the course of doing this work, it is necessary to handle cases in strict accordance with the law. Violations of the law must be thoroughly investigated and strictly handled. Decisions should be made according to facts, law, and discipline. Those who should be removed from their posts must be removed; those who should be sentenced to imprisonment must be sentenced to imprisonment; and those who should be severely punished must be severely punished. In this way we can save some people, and it is conducive to educating the broad masses of cadres. Those who seriously interfere with or obstruct the anticorruption campaign must be resolutely handled.

5. We shall not launch a mass movement in which everyone is required to pass a test. We should encourage and support crime reporting by the masses. Crimes reported by the masses shall be handled by specialized organizations according to law.

6. Punishment for corruption should be combined with promotion of a healthy atmosphere. While resolutely overcoming corruption and punishing corrupt elements, we should vigorously publicize and commend advanced models for honestly carrying out official duties and for boldly fighting against corruption. We should also publicize the new habit of carrying out official duties industriously, of cherishing the people, of working hard, and of readily making sacrifices. The CPC Central Committee Propaganda Department will be asked to make special propaganda arrangements in the fight against corruption.

In short, we must adhere to the principle of seeking truth from facts, correctly distinguish between and handle the two types of contradictions differing in nature, and thoroughly understand policies. We must be resolute, work in a down-to-earth manner, and earnestly solve problems in accordance with Central Committee requirements to ensure that the struggle proceeds healthily and in an orderly manner.

#### **8. We Must Carry Out the Anticorruption Struggle on a Long-Term Basis**

We should grasp punishment of corruption as if we were grasping a systems engineering task. We should adopt a comprehensive method of eliminating corruption as well as its root causes, and should persist in our efforts on a long-term basis. Most fundamentally, we should rely on education and laws. Through studies and education, we should raise the ideological and political quality of party members and cadres, and should heighten their consciousness of serving the people wholeheartedly, of resisting the ideological corrosion of the exploiting classes, and of exemplarily abiding by discipline and laws. We should grasp causes which easily give rise to corruption; sum up our practical experiences; strengthen discipline; establish and improve an internal management system; establish and improve a supervision and check mechanism; and establish and improve policies, laws, and regulations. Promulgated laws and regulations must be strictly enforced. Efforts should be increased to revise those laws

and regulations which need to be revised. New laws and regulations should be enacted as soon as possible in line with the new situation.

#### **9. Party Committees at All Levels Should Strengthen Leadership**

1. The fight against corruption is an important task in strengthening party and government building. The party and government must wage this fight together on a long-term basis under the unified leadership of party committees, with top leading comrades assuming personal responsibility. The party and government should work with one heart and one mind, and people in all quarters should coordinate their actions so as to form a single combined force.

2. We should establish a responsibility system under which we divide our work clearly, assign special personnel to assume responsibility, and encourage higher levels to direct and lead lower levels. Those at higher levels should earnestly redouble their efforts to guide, inspect, and oversee their subordinates. They should send people to assist localities and departments plagued by serious problems.

3. Party committees should strengthen leadership over discipline inspection and supervisory organs, give full rein to their functions, and earnestly support their work.

Comrades, the fight against corruption is an important task of the party. I want to emphasize that the Central Discipline Inspection Commission, as well as discipline inspection and supervisory organs at all levels, should earnestly assume responsibility, including some coordination responsibilities, and should carry out their work successfully. Our discipline inspection and supervisory personnel are good. In the struggle to rectify party work-style, strengthen the building of clean government, and combat corruption, discipline inspection and supervisory organs—as the main functional departments—have done a great deal of work. They are bearing great responsibility in this respect now, and will continue to do so in the future. The current Second Plenary Session of the Central Discipline Inspection Commission has called on discipline inspection and supervisory organs to strengthen themselves with the spirit of reform. This is good and necessary. Only by so doing will they be able to heighten their quality and combat strength and carry out their functions in a better manner. I hope comrades will make even greater contributions in the fight against corruption.

#### **Beijing TV Reports Speech**

OW1509131893

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 1149 GMT on 15 September carries a 15-minute announcer-read report over video on a speech by Jiang Zemin, general secretary of the CPC Central Committee and president of China, at the Second Plenary Session of the CPC Central Committee Discipline Inspection Commission at the Great Hall of the People in Beijing on 21 August.



Video begins with a brief shot of a packed conference hall in the Great Hall of the People, then cuts to show bust shots of a seated Jiang Zemin wearing a dark business suit.

After Jiang reads the first few lines of his written speech in front of the camera, an announcer takes over and begins to read excerpts of Jiang's speech. Shortly after the announcer starts to read, the camera shows close-up shots of Qiao Shi, Zhu Rongji, Hu Jintao, Ding Guangen, Li Lanqing, Yang Baibing, Chen Xitong, Wen Jiabao and other senior Chinese officials sitting at Jiang's left-hand side facing the audience, and then close-up shots of Li Ruihuan, Liu Huaqing, Wei Jianxing, Tian Jiyun, Li Tieying, Zou Jiahua, Qian Qichen and other senior Chinese officials sitting at Jiang's right facing the audience.

As the announcer continues to read, video shows random close-up shots of Jiang speaking; pan shots of the attendees, most of whom are seen taking notes; and more close-up shots of Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, and Hu Jintao.

The video ends with close-up shots of Jiang Zemin reading the last part of his speech and wide-angle shots of the audience applauding as Jiang finishes his speech.

### **Li Peng Urges Government Officials To Be 'Law Conscious'**

*OW1409144293 Beijing XINHUA in English 1434 GMT 14 Sep 93*

[Text] Beijing, September 14 (XINHUA)—Leaders of administrative organs at various levels should become more qualified officials and managers by gaining a better understanding of the law and learning how to use legal means to manage China's economy and society.

Chinese Premier Li Peng made this remark when meeting in Beijing with delegates to the second national conference on legal work in governmental departments this morning. The conference, which opened last Saturday [11 September], came to a close today.

Li, who is also a member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, said that government officials, through being more law conscious, can meet the demands of economic development and the building of a socialist market economy in China.

Leaders of government departments at various levels should attach great importance to legal affairs in their work units and should regard legal construction as a major task. The premier urged them to handle affairs strictly in accordance with relevant laws to guarantee the development of the economy, culture and education.

Government legal work consists of legislation and law enforcement. In the area of legislation, the State Council will work out administrative regulations in accordance with the Chinese constitution, and submit draft laws to the National People's Congress (NPC) and NPC Standing Committee. Local government departments that have the

authority to draw up regulations must submit proposed rules to local NPC and NPC Standing Committees.

The current focus should be on economic legislation to meet the demands of developing a socialist market economy, but without neglecting laws on social development, public security and ideological progress, said the premier.

At the same time, law-enforcement in administrative departments should be further strengthened. Government departments must be law conscious, set a good example in abiding the law, and oppose such law-offending activities as exchanging privileges for bribes. Offenders should be severely dealt with, the premier added.

### **Stresses Importance of Legislation**

*OW1509113793 Beijing XINHUA Domestic Service in Chinese 1106 GMT 14 Sep 93*

[By Central People's Broadcasting Station reporter Liu Zhengying (0491 2973 5391) and XINHUA reporter Zheng Qingdong (6774 1987 2639)]

[Text] Beijing, 14 Sep (XINHUA)—Li Peng, member of the Standing Committee of the CPC Central Committee Political Bureau and premier of the State Council, pointed out here today: Following the development of our economy and the establishment and improvement of the socialist market economic system, leaders of administrative organs at all levels are not considered competent if they do not understand the laws and lack the ability in applying legal means to run the economy and society.

Li Peng stressed: Leading comrades of governments at all levels nationwide must attach importance to government legislation work. They must tackle legislation as an important task and incorporate it into an important daily agenda of the administration. They must govern in accordance with the laws to promote our country's economic, cultural, educational, and scientific and technological development.

This morning, leading comrades Li Peng, Li Lanqing, Ren Jianxin, Qin Jiwei, and Luo Gan met with all delegates to the Second National Conference on Government Legislation, held by the State Council, at Zhongnanhai's Ziguang Hall.

During the meeting, Li Peng stressed: Government legislation is very important as it includes legislation and law enforcement. In legislation, the State Council should, in accordance with the duties entrusted by the Constitution and laws, draw up government regulations after conducting full investigation and study, and after coordinating with all sides. They should put forward draft laws to the National People's Congress and its Standing Committee. Local governments empowered to enact local laws should put forward draft local laws to local people's congresses and their standing committees. Li Peng pointed out: To meet the needs of establishing the socialist market economic system, we should focus on effective enactment of

economic laws in current government legislation. Meanwhile, we must do a good job in enacting laws that concern social development, public security, and spiritual civilization.

Li Peng stressed: While ensuring a good job in government legislation, we must further strengthen law enforcement in administrative departments. Governments at all levels and all government departments should enhance their legal sense, govern in accordance with the laws, and act as law-abiding role models. They should fight unrelentingly against failure to observe the laws, to enforce them strictly, and to punish lawbreakers—particularly corrupt acts of violating the laws while enforcing them, of bending the laws for the benefit of relatives or friends, and trading powers for money. In addition, they should strike at all criminal activities to ensure long-term stability and order for the country.

The Second National Conference on Government Legislation, which opened on 11 September, closed in Beijing today after completing all the agenda.

### **Halt to Corruption in Civil Service System Urged**

HK1409153093 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0835 GMT 5 Sep 93

["Special article" by Si Liang (1835 5328)]

[Text] Hong Kong, 5 Sep (ZHONGGUO TONGXUN SHE)—Current corrupt phenomena on the mainland, such as the exchange of power for money, graft, bribe-taking, extortion, blackmail, abuse of law, and perverting justice for bribes, have to do with the extensive and unrestrained powers wielded by party and government cadres and the low pay they are getting. It is imperative, therefore, for the mainland to pursue a civil service system if it is to achieve efficient and clean government.

Although the CPC abolished the state-supply system and adopted a wage system when it came to power, owing to the backward economy, it has adopted a low wage system which it has maintained over the last 30 years. The few opportunities for a few lucky people of "wage adjustments" meant the increase of no more than eight or 10 yuan. Communists who had not been daunted by gun-slitting enemies during war years surprisingly succumbed to the bombardment of "sugar-coated cannons" in the era of "eating from the same pot" and degenerated into corrupt elements. Fortunately, corruption across the country then was not as serious and widespread as it is today.

The pursuit of the reform and opening up policy and the rapid economic takeoff awoke in the populace the sense of the commodity economy. People are all going into business, setting up firms, and speculating on stocks, with the appearance of 10,000-, 100,000-, and million-yuan households, which has fostered an unhealthy "monetary mentality." Because of the unfair social distribution, workers of state organs are getting meager pay, which is not only a far cry from the income of individual businessmen, but also

quite a distance away from their counterparts in state-owned companies, which are doing relatively well. Cadres with different amounts of power in their hands could not resist the lure of "huge sums of money and extravagant spending" and the temptation of money, decide to "go toward the market," and risk the wrath of the law to "grab money" and "climb the ladder." They exploit the incomplete and yet-to-be-perfected rules and regulations, a result of the transition toward an economic structure and, with the warped mentality that "power is something to be abused before it becomes useless," compete with each other in the "monetary employment" of their powers, and turn power into money for their personal gain. The power-money exchange is carried out in all sorts of way. Some are directly involved in open trading activity and are getting whatever they want, and some lend behind-the-scenes support to their relatives' and friends' businesses and derive benefits from them. Officials at financial and economic departments take advantage of their positions to speculate on stocks, foreign currencies, and property deals.

People in monopolistic businesses eat, take, withhold, and demand whatever they want by exploiting the strategic positions of their businesses. Some government and law-enforcing departments levy fees arbitrarily under the excuse of solving economic difficulties. Some even break the law though they are the ones to police things, pervert justice, take part in smuggling and selling smuggled goods, and protect gambling, drug, and vice dens. Society is permeated by a corrupt trend of money worship and selfish pleasure. Aimed at the personal ethics of party and government cadres and the powers they have, the CPC Central Commission for Discipline Inspection recently put forward the "five restrictions" in an attempt to combat corruption, rein in leading cadres, and put anticorruption and clean government on a statutory footing.

However, the pursuit of a civil service system is the only measure to secure long-term efficient and clean government. Interim regulations for the mainland civil service were announced on 14 August this year and will be in effect on 1 October, and are expected to be fully implemented among the 4 to 5 million government workers throughout the country in three years' time. The regulations define the duties, rights, discipline, and avoidance and exchange systems for all civil servants, lays down a periodic increment scheme to keep civil servants' actual pay roughly in line with the average pay of most of the workers in state-owned enterprises. Inevitably the implementation of the civil service regulations will run into difficulties; for example, it is no easy matter to drastically raise civil servants' pay given the present fiscal difficulties. On other hand, clean government would be virtually impossible without a rise in pay. In any case, the implementation of the regulations is a good start. They will place civil servants under a comprehensive and scientific restraint mechanism and help the effort to govern according to law and for civil servants to stay clean and work efficiently for the people. The regulations are highly significant for anticorruption work.

### Hu Jintao Criticizes Local Criteria for Party Membership

HK1409124393 Hong Kong CHING PAO in Chinese  
No 6, 5 Sep 93 p 39

[Article by Chen Chieh-hung (7115 3381 1738): "Those Who Do Not Dally With Women Can Be Admitted Into the Party"]

[Text] According to sources in Beijing, Hu Jintao, member of the Standing Committee of the CPC Central Committee Political Bureau and the CPC Central Secretariat, recently issued some severe criticisms and serious instructions on some newsletters, briefings, and documents concerning the work of promoting cadres and recruiting new party members in some provinces, municipalities, and enterprises. This showed that the political and moral standards of the CPC cadres are declining drastically.

According to the same sources, Peng Zhen, an elder party leader who has retired, recently told CPC General Secretary Jiang Zemin, when the latter called on him, that it is right to guard against the influence of the "leftist" ideological tendency and that we should continue to do so in the future; however, it is now rather prominent that the work of promoting cadres and recruiting new party members is influenced by the rightist ideological tendency. Reportedly, Peng Zhen, who is receiving medical treatment in the hospital, wrote a letter with the help of his secretary to express his opinion on guarding against "leftism" and exercising effective supervision over party organizations and party leading cadres.

According to a local newsletter relayed by the CPC Central Organization Department, the assessment of a provincial department cadre nominated for a promotion discussed by the Standing Committee of the Jiangxi Provincial CPC Committee was: Able to maintain party spirit in the course of reform and opening, not involved in any corrupt practice, not involved in graft, not squandering and embezzling public money while away on official business, not exercising privileges while bureau chief and party committee secretary, not changing his car for a new one in three years, continuing his studies, reading RENMIN RIBAO, concerned about state affairs. Hu Jintao wrote a commentary on the newsletter: Such behavior can only be regarded as that of a law-abiding citizen. Party cadres should meet higher standards; otherwise, how can we say that our cadres are public servants of the people?

According to sources, when discussing whether to approve the promotion of a number of young and middle-aged cadres to section and bureau leading posts, the party committee of a provincial department laid down four "concrete requirements": In recent years, especially since late 1989, not having been involved in any corruption cases; maintaining a decent and upright lifestyle, not leading a dissolute life, never going to dance halls, bars, or karaoke bars to seek pleasure and to dally with women; not getting involved in gambling and superstitious and religious activities; not abusing official functions to squander public money or seeking private gain through lavish dining and drinking.

Regarding this, Hu Jintao wrote an instruction to Lu Feng, director of the Central Organization Department, saying: Whose standards are they? Who laid down such standards? Will the people approve such standards?

In another instance, the organization department of a coastal city's party committee stressed the following six points when formulating standards for recruiting new party members: 1) Not corrupted by decadent ideologies and not tempted by money; 2) not embezzling public money and not squandering public money for private interests; 3) voluntarily turning over to the upper authorities all valuable things and money given to them by other people as bribes; 4) not visiting brothels or massage parlors or bars to seek pleasure, not keeping mistresses or male lovers; 5) not taking part in gambling activities in their spare time, and not involved in illegal activities banned by laws and regulations; 6) not joining and participating in religious activities.

The Central Organization Department thus wrote the following commentary and instruction: This lowers the standards for party members to the line of demarcation between law-abiding and law-breaking and between having moral integrity and being immoral. Party members who merely meet such low standards will not play any role, and the number of such party members should be fewer.

Hu Jintao wrote an instruction: The standards for recruiting party members in the Special Economic Zones should not be revised on the whole, and no special terms should be included in the basic requirements for admitting people into the party. The above "screening requirements for admitting people into the party" should be immediately corrected.

### Official Addresses Philosophy, Social Science Forum

OW1509082693 Beijing XINHUA Domestic Service in Chinese 2128 GMT 27 Aug 93

[Text] Beijing, 28 Aug (XINHUA)—A forum on further developing philosophy and other social sciences was recently held in Beijing. Administrators in the study of social science who participated in the forum held that to further develop philosophy and other social sciences, it is necessary to take Marxism-Leninism-Mao Zedong Thought and Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the fundamental guide in serving the building of socialism with Chinese characteristics, and to reform the social science research system so it can keep abreast of economic developments and meet the demands for the establishment of a socialist market economy and for all round social progress.

Liu Yunshan, deputy director of the Propaganda Department of the CPC Central Committee, delivered a speech at the forum. He said: The study of social science is experiencing an excellent opportunity for development. The fifteen years since the Third Plenary Session of the 11th Central Committee have seen the fastest and most fruitful development of philosophy and other social sciences in China. Experiences gained during this period have laid the



foundation for further developing social science. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is the fundamental guarantee for further developing social science. The new socialist modernization as well as reform and opening up has opened broad vistas for further developing social science.

Speaking of the need to adhere to the correct direction in studying social science, Liu Yunshan stressed: The study of social science must emphasize the main theme of building socialism with Chinese characteristics and must be geared to economic development, which is our main field of endeavor. The study of social science must be conducted in the light of reality. Social science will lose vitality if theories deviate from reality. Certainly, serving economic construction is not the only purpose of developing social science. We must also study issues directly related to social science so as to improve the quality of the nation and promote all around social progress.

Liu Yunshan stressed: Deepening reform is the only way to develop philosophy and other social sciences. Difficulties and problems facing social science in general should be solved through deepening reform, primarily through emancipating the mind and changing the mindset in the spirit of reform. He called for following a guiding ideology and clear direction in reform, and for actively yet prudently proceeding in everything from actual and national conditions in accordance with the features and laws of social science. He said it is necessary to pay attention to studying and formulating economic policies as well as laws and regulations which can help develop social science.

Liu Yunshan pointed out: To develop philosophy and other social sciences, we must have a stable contingent of highly qualified social science theorists. We should focus the training of social scientists on improving their professional competence. We should foster a fine practical style of study and go deep into reality to conduct investigations and study in order to acquire a better understanding of the national conditions and public feelings. In the meantime, we should reform the structure of the contingent of social scientists, strengthen their unity, and pay particular attention to training young and middle-aged social scientists.

The forum was cosponsored by the National Office on Planning for Philosophy and Other Social Sciences, and the Theoretical Bureau under the Propaganda Department of the CPC Central Committee. Attending the forum were leading comrades from 10 provincial and municipal social science planning offices and propaganda departments under the provincial (municipal) party committees in Beijing, Shanghai, Jilin, Shandong, Zhejiang, Henan, Hubei, Guangdong, Sichuan, and Gansu; also in attendance were leading comrades from the Research Bureau of the Chinese Academy of Social Science, the Center for Research and Development of Social Sciences under the State Education Commission, and the Scientific Research Department of the Central Party School.

### **Circular on Stopping Random Collection of Students' Fees**

OW1509085993 Beijing XINHUA Domestic Service in Chinese 0914 GMT 27 Aug 93

[Text] Beijing, 27 Aug (XINHUA)—In light of the present problem of random collection of fees at middle and primary schools in various localities, the State Education Commission recently issued a circular calling on various localities to take measures to straighten out and rectify the situation as well as firmly stop the erroneous practice of wanton collection of fees.

The State Education Commission's "Circular on Firmly Correcting the Practice of Random Collection of Fees at Middle and Primary Schools" noted: In recent years, schools in some localities have randomly increased fees or raised standards in collecting fees. Some schools have required students to pay more than 10 kinds of fees; some localities have collected fees from students to pay the expenses of books, newspapers, and awards for teachers and parents with only one child; some localities have collected high fees from students in excess of enrollment capacity; and some schools have shifted the burden of social apportionments to students. Those various fees have increased the burden on students' families. As a result, some students from families with economic difficulties have had to quit school. The situation has also impaired the image of schools and aroused strong dissatisfaction throughout society.

The "circular" asked schools and educational administrative departments at various levels to implement the related regulations of the state and strictly follow the standards for collecting fees at middle and primary schools in a manner like the campaign against corruption. Since primary and middle school education is compulsory, schools must not collect tuition from students, and only some miscellaneous fees may be collected. Senior middle schools may collect both tuition and fees. Fees which must be collected should be examined by educational administrative departments and financial departments, and must be approved by people's governments at various levels. The standards for collection of fees should be examined and approved by people's government at and above county level after taking the average income of local people into consideration. Income from tuition and fees should be used to supplement the expenditures of schools and improve teaching conditions. They must not be used as subsidies or awards for teachers, staff members, and workers. Using the opportunity of accepting new students to wantonly collect fees should be strictly forbidden. Donations to schools must not be linked to the acceptance of new students.

The "circular" asked various localities to investigate and straighten out the situation before the beginning of the new school year. Middle and primary schools should stop collection of fees which have not been approved according to regulations. Collecting of fees by schools for other units should be stopped first, and such fees must be screened and approved by higher organizations in accordance with state procedures. The situation of apportioning expenses



among schools by certain departments without authorization must be resolutely stopped. Concerning the problems of schools' shortage of funds and schools' actual difficulties in paying wages for teachers, they should be solved through normal channels and must not be used as reasons for random collection of fees.

The "circular" emphatically pointed out: From now on, schools which continue to randomly collect fees from students will be strictly dealt with. Educational administrative departments and supervision organizations at various levels should consider stopping random collection of fees by middle and primary schools as an important content of their work and seriously investigate and straighten out the matter. Units which violate regulations in a serious manner will be given disciplinary punishment and be criticized in lesser cases. Those who violate the Criminal Law will be investigated for their criminal responsibility according to the law.

#### **Bank Drops Legal Action Against Hong Kong Paper**

HK1509085293 *Beijing CHINA DAILY in English*  
15 Sep 93 p 3

[Text] The Bank of China [BOC] has agreed to withdraw its legal action against the Hong Kong-based SOUTH CHINA MORNING POST following the latter's apology to several mainland banking institutions and officials on Sunday.

But it, along with other mainland banks and officials, requested a total of HK\$2.5 million in compensation from the SOUTH CHINA MORNING POST, according to yesterday's PEOPLE'S DAILY [RENMIN RIBAO].

It said that the issue was solved after the newspaper had agreed to accept all conditions set by Chinese banks. All compensation money will be donated to charity.

The SUNDAY MORNING POST, a sister paper of the SOUTH CHINA MORNING POST, published on Sunday an apology to China for publishing a report under the headline "Bankers Flee with Billions."

The paper said that "having now investigated the matter in detail, we recognize that the statements complained of in each of the articles are untrue and unfounded."

The story first appeared on August 22 and was widely picked up by the international media. It alleged that a number of Chinese bank officials had fled the mainland after siphoning off \$28 billion.

These alleged officials were reported to be with the People's Bank of China, the Bank of China and the Agricultural Bank of China. The Chinese Government had denied the report. A Bank of China spokesman said that the newspaper's slanderous report had caused unfavorable influences in Hong Kong and in the international community, producing negative impact on the good world reputation of Chinese banks, which the spokesman said the newspaper couldn't remedy by admitting mistakes and compensating for losses.

#### **HANGZHOU GONGAN BAO To Be Published Nationwide**

OW1309063893 *Hangzhou Zhejiang People's Radio*  
Network in Mandarin 1000 GMT 31 Aug 93

[By reporter Chai Tiejue; from the "Provincial News Hookup" program]

[Text] With the approval of the State Press and Publications Administration, HANGZHOU GONGAN BAO [Hangzhou Public Security Newspaper] will be distributed to the public nationwide. Comrade Wang Fang inscribed the title of the newspaper. Liu Feng, Chai Songyue, and Li Jinming, leaders of the provincial party committee, wrote inscriptions to congratulate the newspaper on its publication. The newspaper is sponsored by the Hangzhou City Public Security Bureau.

#### **Military**

#### **Jiang Zemin Promulgates Provisions on PLA Regulations**

OW1309052393 *Beijing XINHUA Domestic Service in Chinese* 0312 GMT 8 Sep 93

[By correspondent Jin Youfa (6855 0645 4099) and reporter Ma Xiaochun (7456 0879 2504)]

[Text] Beijing, 8 Sep (XINHUA)—Jiang Zemin, chairman of the Central Military Commission, recently signed an order on promulgating "Provisions on Filing Military Rules and Regulations and Military Administrative Rules and Regulations for the Record." The promulgation of the provisions is of great significance to strengthening supervision over military legislation, improving the quality of military legislation, and maintaining the socialist legal system's unity and dignity.

Statistics show that the People's Liberation Army's [PLA's] general departments and major units promulgated more than 1,000 military rules and regulations over the past decade, including military administrative rules and regulations, which accounted for approximately 70 percent of the PLA's total legislation. The system of filing military rules and regulations for the record is designed to examine and ensure the legality of existing military rules and regulations, discover and solve relevant problems, and uphold the unity and authority of military laws, regulations, and rules. It is an important way to strengthen supervision over military legislation, as well as an effective measure to implement the Central Military Commission's principle of managing the Army according to law.

The "provisions" contain details about the deadline for filing military rules and regulations and military administrative rules and regulations for the record, and about record-keeping organs, examination work, and the handling of relevant issues. The Central Military Commission's Legislative Bureau is in charge of record-keeping work.

Strengthening supervision over military legislation is both a right and a duty for military organizations at all levels

and for the broad masses of officers and men. For this reason, the "provisions" say that military organizations and concerned personnel have the right to report to the legislative department any faults in existing military rules and regulations and military administrative rules and regulations—such as articles or clauses that contravene the PRC Constitution or other laws or regulations, any articles or clauses that give more authority than is entitled, any contradictions between certain rules and regulations, and any wrong legislative procedures or standards.

### **PLA Leaders Visit Military Schools on Teachers' Day**

OW1209085693 Beijing XINHUA Domestic Service in Chinese 1045 GMT 10 Sep 93

[Text] Beijing, 10 Sep (XINHUA)—On the eve of teachers day, leading comrades of the General Staff Department, the General Political Department, and the General Logistics Department separately visited military schools to express their greetings to the broad masses of teachers and staff who work on the front line of education.

When he attended an activity marking teachers' day at the People's Liberation Army [PLA] Chemical Warfare Defense Command and Engineering Academy on the afternoon of 9 September, Chief of General Staff Zhang Wannian said: Attaching great importance to the role of education, teachers, and talented personnel is an important component of Comrade Xiaoping's theory on building socialism with Chinese characteristics and his thought on army building in the new period. Our military schools should serve as a model of respecting teachers, knowledge, and talented personnel and should set an example for all of society in fostering a fine regular practice of respecting teachers and educational undertakings.

Director Yu Yongbo of the General Political Department, who is now inspecting troops stationed in Henan, made a special trip to visit teachers and students at the PLA Institute of Foreign Language in Luoyang on 10 September. On behalf of the Central Military Commission and the three general departments, he wished them happy holidays and expressed his congratulations on their scholastic achievements. At the meeting room of the institute, Yu Yongbo held a discussion meeting with teachers' representatives. He asked them about their work and life. He also urged them to keep their minds on their work and achieve good results again in imparting knowledge and educating people.

Political Commissar Zhou Keyu and other leading comrades of the General Logistics Department today went to visit military schools and kindergartens in Beijing. At a teachers' day celebration meeting held at the Logistics Command Academy of the Chinese PLA, they presented certificates and awards to outstanding teachers and teachers with more than 30 years experience. They highly praised the contributions made by the broad masses of teachers to the logistical modernization of our army.

### **Collision of 2 Fighters Said Latest in Series of Accidents**

HK1309065893 Hong Kong CHENG MING in Chinese No 191, 1 Sep 93 p 26

[Article by Pao Yi-hua (0545 0001 5478): "Report of 2 August Air Force Fighter Collision"]

#### **[Text] Two Jian-7 Fighters Collided in the Air**

On 3 August, Cao Shuangming, commander of the People's Liberation Army [PLA] Air Force, rushed to Tongliao City of Inner Mongolia. On 4 August, Liu Huaqing, Standing Committee members of the CPC Political Bureau and vice chairmen of the CPC Central Military Commission, also arrived in Changchun City.

Their trips were by no means accidental. During a joint military maneuver conducted by air forces under both the Jilin and Liaoning Provincial Military Districts on 2 August, a major airplane collision took place in which two planes were destroyed and their pilots were killed.

On the afternoon of 2 August, air forces under both the Jilin and Liaoning Provincial Military Districts flew from Changchun and Shenyang respectively to Tongliao, Inner Mongolia, where they conducted a joint aerial combat exercise. At the end of the exercise, a Jian-7 fighter, serial number 71231, under the Sixth Jian-7-II Regiment of the Jilin Provincial Military District Air Force collided with a Jian-7II fighter, serial number 71361, under the Second Jian-7II Regiment of the Liaoning Provincial Military District Air Force, which was on the homeward trip. The two fighters exploded in the air and the two pilots were blown to pieces. The wreckage of the fighters were scattered over the Qianjiadian area.

#### **Sick Pilots Participated in a Flying Contest and Met Their Ill Fate**

After the accident, Air Force Commander Cao Shuangming rushed to the scene from Beijing for an inspection. Stories had it that the entire PLA Air Force was conducting a "flying contest for a 100-day accident-free record" at the time, yet accidents took place one after another in the short period of two weeks. Prior to this accident, a Jian-8 fighter of the Jinan Provincial Military Region Air Force broke down during a training course and was forced to land. However, when the fighter touched the ground, one of its wings hit a garage, killing four drivers on duty. The plane itself was also seriously damaged.

It has been learned that the reason for both accidents on 2 August and 15 July was that the pilots did not feel well when they were flying.

#### **Liu Huaqing Gave Instructions on Guaranteeing the Quality of Flights**

It has been revealed by the military that there actually were more than two accidents by 15 August, that is, by the end of the 100-day accident-free flying contest, which was sponsored by the CPC Central Military Commission. As a matter of fact, since 15 July, four major accidents have taken place in which planes were cracked up and pilots

killed. In addition, technical accidents, emergency landings, and suspended flights happened as many as 10 times.

After he arrived in Changchun on 4 August, Liu Huaqing hurried to inspect the accident scene in Tongliao, Inner Mongolia. At an on-the-spot meeting there, Liu Huaqing urged the Air Force to improve its regulations and systems, and to guarantee the quality of flights. In the future, pilots who are low-spirited, have problems with themselves or their families, feel unwell, or lack self-confidence will be banned from flying their planes.

In another development, the Xian Aircraft Manufacturing Company turned out a total of six Hong-7 bombers during the first half of this year. During a quality and performance test in the aircraft company, however, the Second Air Force [kong er jun 4500 0059 6511] found that none of engines on the six Hong-7 bombers met the technical parameters of the original design.

### **Commentary on Job Placement for Demobilized Soldiers**

*HK1409125493 Beijing RENMIN RIBAO in Chinese  
2 Sep 93 p 3*

["Short commentary": "Do a Better Job in Placing Demobilized Soldiers"]

[Text] Recently, the State Council and the Central Military Commission approved and issued the "Opinion on the Adoption of the Labor Contract System for the Job Placement of Demobilized Compulsory Servicemen According to the Reforms in the Employer Units" drafted jointly by the Ministry of Civil Affairs, the Ministry of Labor, and the General Staff Headquarters of the People's Liberation Army. This was a new measure for reforming the work of placing demobilized servicemen in the new period. It is not only commensurate with the reform of the employment system in our country and effectively supports the transformation of the enterprise operation mechanism, but also gives full expression to the state's preferential treatment to demobilized servicemen and guarantees their personal interests. This is of great significance for promoting our country's economic construction and national defense construction.

Our country pursues a compulsory military service system, and performing military service is a duty for all citizens. However, every year less than 2 percent of the young people at the age of military service enlist in the Armed Forces. Therefore, it is necessary to give preferential treatment to the demobilized servicemen who have contributed their youth to the cause of defending the motherland. At present, the preferential treatment given to demobilized servicemen from cities and towns is mainly reflected in the policy of giving them jobs in the cities and towns where they lived before their enlistment. Therefore, the work of giving jobs to demobilized servicemen plays a significant role in fulfilling the conscription tasks and stabilizing and boosting the morale of the troops. Over many years in the past the party and the government have always attached great importance to the work of giving jobs to demobilized servicemen. In 1986, when the State

Council decided to adopt the labor contract system for all workers recruited by state-owned enterprises, in consideration of the possible psychological pressure on the servicemen in active service and the possible impact on the operation of the Armed Forces, it also decided to maintain the permanent employment system for demobilized servicemen. Along with the in-depth development of reform, the labor contract system has been understood and accepted by the general public. At present, a lot of enterprises and institutions have gradually adopted the labor contract system for all workers. In such units, workers subject to the permanent employment system no longer exist. Therefore, it is inevitable to correspondingly reform the work of giving placements to demobilized servicemen. In the course of reform in this aspect, the state has adopted positive and prudent steps to effect the gradual transition in correspondence with reforms in the employer units. At the same time, the state has also formulated corresponding favorable policies which fully show that the State Council and the Central Military Commission attach great importance to army building and understand and care about the well-being of the servicemen in active service and the demobilized servicemen.

The work of giving placements to demobilized servicemen has a bearing on social stability and the stability of the Armed Forces. It has to be done strictly according to the relevant policies and represents a common task for the party, the government, and the whole society. Governments at all levels must give effective guidance to this work and consider and solve the new conditions and new problems appearing in the work. Military units should improve their propaganda and education among the troops, and do effective ideological work among servicemen in active service so that they can understand and support the reform and concentrate on fulfilling military duties. Employer units should conscientiously fulfill the placement tasks assigned by local governments in line with the overall interests of national defense construction, and should properly carry out the relevant regulations on vocational training, wages and welfare benefits, and job assignments for demobilized servicemen. They should give as much preferential treatment to the demobilized servicemen as they can. All departments concerned should actively support and assist the department responsible for placements in properly fulfilling this task, and provide better services for demobilized compulsory servicemen. The demobilized compulsory servicemen themselves should also be willing to obey the needs of our country's economic construction and to accept the placements given by the government, carry forward the spirit of self-reliance and hard struggle, and play a role as a task force in socialist construction.

### **Editorial Calls For Honesty Among Troops**

*HK1409141093 Beijing JIEFANGJUN BAO in Chinese  
31 Aug 93 p 1*

[Editorial: "Thoroughly Implement the Military Commission's Resolution, Energetically Strengthen Party Discipline and Foster Honesty"]



[Text] No sooner had the second plenary session of the Central Military Commission [CMC] ended than the Conference on the Work of Discipline Inspection in the Army followed. The conference conscientiously studied and grasped General Secretary Jiang Zemin's important speeches and the CPC Central Committee's plans and made specific arrangements for strengthening party conduct and fostering honesty among the Army. CMC Vice Chairman Liu Huaqing delivered an important speech. The two conferences were very timely and extremely important. The policies, principles, and demands set out in the speeches by General Secretary Jiang Zemin and CMC Vice Chairman Liu Huaqing are very clear and have a very strong guiding role. The task currently placed before the officers and men of the Army is: They should work with one heart and one mind; conscientiously study and resolutely implement the spirit of the two conferences; consciously implement the CMC's "Resolution on Carrying Forward Fine Traditions and Fostering Honesty"; firmly, unswervingly, unremittingly, and conscientiously do the big job of and make a success of strengthening party conduct and fostering honesty with a high sense of mission which makes them highly responsible for the destiny and fate of the party, the state, and the Army with full political enthusiasm.

The CPC Central Committee and the CMC always attach importance to strengthening party conduct and fostering honesty in the Army. Since the 14th CPC National Congress, the CMC made the resolution very quickly and General Secretary Jiang Zemin and other CMC leading comrades have stressed time and again the extreme importance of fostering honesty in the Army and called on cadres at all levels to set an example and take the lead. Party committees at all levels of the Army have conscientiously and earnestly implemented the CMC's resolution, done a great deal of work, and obtained considerable results. The general mood among all the troops is good. However, we must also see with sobriety that the Army is part of society and that the various negative and decadent phenomena in society are inevitably reflected in the Army and are corroding the healthy body of our Army within a certain scope and to a certain extent.

Strengthening party conduct and fostering honesty in the Army are extremely significant to improving the reform and development of the Army itself and to carrying out the Army's fundamental functions and safeguarding national security and stability. One very important reason why, over the past decades, our Army has developed from a small and weak army to a big and strong one, and why it has overcome various difficulties and dangers and formidable enemies, is that our Army is one that has wholeheartedly served the people under the leadership of the party and one that has kept very clean hands and has maintained the blood-and-flesh ties with the masses. Honesty produces the unifying power and combat effectiveness, and this is a truth repeatedly proved by historical experiences. In the long-term relatively peaceful environment, especially under the conditions of development of the socialist market economy, the fact that the Army maintains honesty is always closely bound up with consolidating and

improving its combat effectiveness. Only when our Army insists on high standards and strict demands with regard to strengthening party conduct and fostering honesty and when it acts as the vanguard of society with regard to building spiritual civilization can it maintain the ideological and moral purity and progressiveness of the troops, can it be worthy of the glorious name of the people's own army, and can it live up to the expectations and trust of the party and the people.

In order to implement the CMC's resolution and strengthen party conduct and foster honesty in the Army, it is first necessary to arm the mind with a series of Comrade Deng Xiaoping's important expositions on straightening out party conduct, fostering honesty, and fighting decadence. Comrade Deng Xiaoping's important expositions are extremely rich in content. They have given proper assessments, scientific analyses, and brilliant expositions regarding matters ranging from the environment and the tasks we are faced with during the period of China's socialist modernization, to the status and role of the ruling party in leading the building of socialism with Chinese characteristics, from the problems that have already surfaced and will probably surface, to the revolutionary spirit that we should carry forward, and from the extreme importance of straightening out party conduct and fostering honesty, to the fundamental countermeasures against decadence. These expositions are an important component of the theory of building socialism with Chinese characteristics and an important guiding principle and a powerful ideological weapon for the drive to fight decadence and foster honesty. The series of important instructions given by Comrade Jiang Zemin on this question, especially his important speech at the secondary plenary session of the Central Discipline Inspection Commission, profoundly embody Comrade Deng Xiaoping's theories and ideas. They have scientifically analyzed the situation of the drive to strengthen party discipline and foster honesty; profoundly elaborated on the urgency, protracted nature, and formidability of the antidecadence drive; and clearly advanced the tasks, principles, and basic policies for the drive.

Through studying, understanding, and clarifying various vague understandings, we must enable comrades of the entire Army, especially leading cadres at all levels, to reach a common understanding of the spirit of Comrade Deng Xiaoping's expositions and Comrade Jiang Zemin's speeches.

In order to implement the CMC's resolution, strengthen party conduct, and foster honesty in the Army, we must do our jobs one by one in keeping with the demands of the resolution. At present, we must pay special attention to fostering honesty among leading cadres and leading organs and guard against and correct such problems as wielding power to seek personal gain and exchanging power for money. We must pay attention to the handling and investigation of cases so as to strictly enforce party discipline and army discipline. In the meantime, we must pay close attention to the formulation and improvement of various laws and regulations and continue to codify the fostering of



honesty. As far as the troops are concerned, we must mainly pay good attention to ideological education and enhance the ability to resist decadence and prevent change. All decadent phenomena depart from our Army's fine traditions and work style. To foster honesty is, in essence, to restore and carry forward the fine traditions and work style. Taking into consideration the reality, paying good attention to education in fine traditions, and resisting the corrosion of money worship, hedonism, and extreme individualism should become the important contents of ideological education. Only when one understands discipline can one observe it, and only when one knows the law can one observe it. We must pay good attention to education in the law, discipline, and regulations and consciously standardize our actions with the law and discipline. Exemplary education and vivid examples are the most convincing. We should be good at summing up experiences and lessons through analyzing positive and negative examples so that everyone can be educated and edified to the extent that they can have their morale boosted and their confidence strengthened and that they can foster correct practices and eliminate incorrect practices.

The focal and crucial point in unswervingly and unremittingly strengthening party conduct and fostering honesty lies with the leadership. Party committees at all levels must consider it important to strengthen party conduct and foster honesty. They not only need to analyze the situation and put forward concrete measures, but also need to study problems that may surface and consider countermeasures for them, while making every important policy decision so that the "holes in the fence can be repaired" before the "sheep are gone." They must have the courage to uphold principles, strictly act according to relevant policies and regulations, tackle those problems that are frequently voiced by the masses and that have a comparatively great influence, and resolve these problems one by one and do their jobs one by one. At present, the most important thing is that leading cadres correctly look at and use their power and be the first to remain honest and self-disciplined and set a good example. This is the most convincing education and the most powerful leadership and only this can really buoy up everyone's spirits!

### Economic & Agricultural

#### Zhu Seeks Cooperation, Greater Contributions From Guangdong

HK1509072093 Hong Kong SOUTH CHINA MORNING POST in English 15 Sep 93 p 10

[Report by Willy Wo-Lap Lam]

[Text] Executive Vice-premier Zhu Rongji has discussed with Guangdong officials ways to further liberalise the financial system while ensuring that the country's richest province boosts its contribution to the national coffers. Mr Zhu, who arrived in Guangzhou on Sunday, also lobbied for regional support for his programme of economic reform which would be unveiled at the Third Plenum of the Communist Party Central Committee.

Sources in Guangzhou said Mr Zhu, who was accompanied by 60 economists and aides from the central bank and other ministries, assured local cadres that reform would be deepened in the course of the austerity programme. The sources added that he was hopeful that recently announced steps to commercialise the banking system would be boldly followed up in Guangdong. The nation's specialised banks would engage in lending activities based strictly on economic calculations.

However, Mr Zhu also cracked the whip on the excessive use of state funds by Guangdong departments and enterprises on sectors other than "national priority areas" such as energy and transportation. Among the regions, Guangdong holds one of the worst records in meeting Mr Zhu's demand, made at the start of the austerity programme in early July, that "improperly secured" bank loans and other funds be surrendered to the state by August 15. Latest figures show that by late August, Guangzhou had repaid the central Government 13 billion yuan (HK\$17.5 billion), or 40 per cent of the amount sought. Local sources said in July that Guangzhou promised to boost its tax and other contributions to Beijing by a few billion yuan. Local cadres, however, regarded that as a one-shot measure to bail Beijing out of temporary difficulties. The sources said Mr Zhu would be likely to negotiate a new level of financial contribution from the province.

Another item high on Mr Zhu's agenda was the anti-corruption campaign. Because of its thriving quasicapitalist economy, the southern province was branded a priority area for fighting graft. A special anti-corruption investigation team arrived in the province to check out "big-time offenders."

In an interview with a French paper, meanwhile, Vice-premier Li Lanqing said the country's austerity programme had achieved early results. "The way out for contradictions and problems (in the economy) is deepening reforms," Xinhua (the New China News Agency) quoted Mr Li as saying. The Vice-premier cited recently announced reform initiatives in areas including finance, banking, taxation, foreign trade and control of foreign exchange.

#### Zhu Rongji Walks 'Tightrope' Between Reform, Retrenchment

HK1509074393 Hong Kong SOUTH CHINA MORNING POST in English 15 Sep 93 p 25

[Text] Vice-premier Zhu Rongji's decision last week to extend by 4-1/2 months the deadline by which "improperly secured" loans must be repaid to central coffers is a signal that China's on-going retrenchment programme is being fine-tuned if not scaled back. While this latest twist in the country's bumpy progress towards the marketplace again testifies to Mr Zhu's flexibility and political acumen, it is an unmistakable sign that, while state fiat seems effective in curing diseases, an overdose might kill off the body politic. Moreover, compared with the three-year retrenchment programme which was launched in late

1988, the central authorities have met with much stiffer resistance from local authorities and enterprises.

When, taking advantage of the hospitalisation of Premier Li Peng, Mr Zhu kicked off his 16-point austerity programme in early July, he gave the banks, local governments and business units until August 15 to surrender to Beijing funds they had wrongly appropriated or borrowed for speculative activities in the property and stock markets. Allied measures were taken to choke off irrational or overambitious projects in sectors other than "national priority areas" such as energy and transportation.

By the end of August, Mr Zhu pronounced in public he was quite satisfied with the results. Some 72.7 billion yuan, or one-third of the "rogue loans" had been collected. More than 1,000 cowboy development zones—those outside state plans—were foreclosed. While inflation in the cities remained at 23 per cent, growth in industrial production in August was 23.4 per cent, down 1.7 per cent from July. In private, however, Mr Zhu has moaned that the campaign to "cure and restructure the economy" had encountered open and subtle sabotage. He indicated that out of all the 20-odd provinces and cities to which "rectification teams" had visited, only Shanghai, his old power base, had passed muster. By early this month, quasi-independent Guangdong had only returned 13 billion yuan to Beijing, or 40 per cent of the funds it "owed" the banking system.

Worse still, the austerity programme has threatened to rent asunder the economic fabric. Because of the credit crunch the scourge of triangular debts (a euphemism for the money enterprises owe each other), the "solution" of which Mr Zhu's reputation partly rested, had returned with a vengeance. [sentence as published] Estimates of new triangular debts that have piled up since July range into scores of billions of yuan, as a result of which production is snarled in provinces including Sichuan, Jiangsu and the industrial northeast. Since early summer, more than 200,000 workers have reportedly lost their jobs in rich Jiangsu.

Moreover, Mr Zhu seems unable to stop the currency-printing presses from rolling. By the first quarter of this year Beijing had already used up its money-supply quota for all of 1993. However, it is during the last quarter that demands on the purse-strings are most pressing. Economists estimate currency in circulation has to swell by at least 190 billion yuan to pay for the autumn harvests and civil-service salaries, as well as to maintain the banks' liquidity ratio.

Faced with these problems, Mr Zhu has no choice but to put a de facto moratorium on the rectification drive. Aside from extending the deadline for collecting bad loans to the end of the year, at least a few of the 16-point directives have been watered down. Officials including head of the Special Economic Zone Office Hu Ping and Mr Zhu himself have hinted the green light might still be given to new development zones if markets could be found for their products.

In making the decision at least to dilute the austerity programme, Mr Zhu is taking tremendous risks. Not the

least of which is that Mr Li, having sufficiently recovered from his heart ailment, is anxious to claw back economic powers lost to his old rival. Reports coming out of Beijing said the premier, who masterminded the retrenchment programme of 1988-91 favoured a continuation of the tight money policy—even at the expense of depression in some sectors. In interviews he has given since reappearing on the national stage late last month, Mr Li has defended the relatively low annual growth rate—eight to nine per cent—he had recommended to the legislature early this year.

Mr Zhu, however, has forecast a 13 per cent clip for this year, a rate he hints he could live with. Chinese sources said Mr Zhu had shifted the focus of economic policy from retrenchment to reform—hoping that a bolder plunge into the "sea of the market" could wash away the economy's blackspots. Taking advantage of his domination of the central bank and fiscal system—which had been a Li stronghold until July—Mr Zhu has pledged to commercialise the Stalinist financial system. For example, a strict differentiation will be made between "policy banks" and "commercial banks." The former, which include the soon-to-be-established Agriculture Policy Bank and the Import Export Credit Bank, will observe state concerns by lending to priority sectors. The latter, including such existing "specialised" banks as the Industrial and Commercial Bank, would, according to Mr Zhu's team, function as "genuine independent commercial banks." Other liberalisation blueprints in areas including taxation are being worked out by the Leading Group on the Reform of the Financial System, which Mr Zhu established in July.

The showdown between cadres who want to cure economic problems through market reforms—and those who favour old-style retrenchment—however, will not come till the Third Plenum of the Central Committee, which has been postponed to November. At the conclave, Mr Zhu and party chief Mr Jiang Zemin would present a "programmatic document" called the General Framework of the System of the Socialist Market Economy. Early drafts indicate it will endorse Mr Zhu's reforms while addressing such traditional concerns as boosting the central coffers' share of national income.

Mr Zhu, however, is walking a tightrope. Reforms take months to take effect. By agreeing to scale down the austerity programme at least temporarily, the Economic Czar wants to give them a mighty push. However, while reforms heal slowly, problems like hyperinflation could snowball—and wreak havoc—in weeks. If more solid signs of health do not show up by the Third Plenum, both Mr Zhu's liberalisation gambit—and his political fortune—could take a drubbing.

### Song Ping Makes Inspection of Gansu

HK1409145293 Lanzhou Gansu People's Daily  
Network in Mandarin 2300 GMT 12 Sep 93

[Text] During an inspection tour of Gansu from 27 August to 11 September, Song Ping pointed out: To develop Gansu's economy, it is necessary to continue to advocate

the spirit of plain living and hard struggle. Song Ping was once secretary of the Gansu CPC Committee. Since he assumed office at the central level, he has shown great concern for Gansu's development. With a special affection for Gansu, he has visited again.

Accompanied by Gu Jinchi, Li Ziqi, Yan Haiwang, and other provincial leaders, Song Ping inspected the key state projects, enterprises, and peasant households in Lanzhou, Baiyin, Jinchang, Dingxi, Wuwei, and Zhangye. Song Ping paid special attention to [words indistinct] projects. He encouraged the builders to make persistent efforts, carry forward the spirit of self-reliance and hard struggle, and satisfactorily fulfill their tasks.

During the inspection, Song Ping listened to accounts given by the provincial party committee and government. He said: In the 12 and half years since I left Gansu, tremendous changes have taken place here. The peasants in Dingxi now have surplus grain. They have resolved the problem of food and built new houses. This is what they expected, something out of reach in the past.

On Gansu's rural work, Song Ping pointed out: Gansu has reaped bumper grain harvests for years running. We have encouraged some people to become rich ahead of others. They will then help the others and eventually take the road to common prosperity. As there are still some poverty stricken areas in Gansu, the difficulties of helping the poor are strenuous and the tasks of getting rid of poverty are arduous. We should suit measures to local conditions, offer classified guidance, make the most of local advantages, and help the poverty stricken areas develop their economy. The peasants should be organized to build water works, level land, plant trees, develop animal husbandry and diversified economies, and seek various ways to make money.

Song Ping also emphasized: To attain the goal of a comparatively well-off level, it is important to upgrade the educational level of peasants. The rural areas should increase the attendance rate of school-age children, wipe out illiteracy among peasants, spread scientific knowledge, and increase input in rural education.

On increasing efficiency of the large- and medium-sized enterprises, Song Ping said: All the large- and medium-sized enterprises are the pillar of the national economy. A number of enterprises are running at a loss, a phenomenon which merits attention. It is necessary to carry out technical transformation and resolve the problems by tapping latent potentials. The governments at all levels should also offer help. Capital shortages have increased the difficulties in technical transformation. We should select a number of efficient projects and let them undergo technical transformation one by one. Instead of sticking to the old products, it is necessary to develop new ones. It will be difficult for enterprises to seek a way out and have bright prospects in the sharp market competition unless they undergo technical transformation and develop new, marketable products.

On party building, Song Ping said: It is necessary to strengthen party leadership over the current anticorruption campaign. We should be resolute, seek truth from facts, take note of drawing a clear line of demarcation in policies, eliminate formalism, and trust the masses.

Song Ping also pointed out: Family planning is a comprehensive work. Party committees and governments at all levels should attach great importance to the work and integrate it with economic development, getting rid of poverty, and taking the road to prosperity. It is particularly necessary to stop second and multiple births and resolve the practical difficulties of families with only one child. We should advocate eugenics, earnestly implement family planning policies, and properly combine economic development with population control and improvement of population quality.

### **'Commentary': Reform Centered on Economic Performance**

*OW1509062093 Beijing XINHUA in English 0612 GMT 15 Sep 93*

["Commentary": "Reforms Center on Economic Performance"]

[Text] Beijing, September 15 (XINHUA)—China's stride towards a market economy and its active involvement in the competitive world economy have focused attention on product quality and economic performance.

Officials at various levels and the economic community are endeavoring to boost China's overall economic performance through deepening and extending reforms.

The problem confronting China is not the speed of economic build-up but cost-effectiveness of existing operations. It is possible to improve economic results through deepening reforms under the general principle of developing a socialist market economy.

The market economy is a competitive economy. Chinese enterprises find themselves encountering tough competition as the traditional mold of central planning is phased out. They have to rely on quality to get a market share and on performance to survive and develop.

This reality is pushing organizations to focus on improving quality and efficiency. The betterment of economic performance at grassroots levels will decide the overall effectiveness of the country's economy.

China's economic reforms and opening-up have created an environment for enterprises to raise their economic performance and carry out in full scale the "regulations concerning state-owned large- and medium-sized enterprises for transformation of operational mechanism". The core of the regulations is to delegate to enterprises all the power necessary to boost productivity and improve efficiency.

The economic reform measures China is taking are all closely related to improvement of performance. They include: straightening out relations among responsibilities, rights and benefits within state-owned enterprises; reforms

of financial, taxation and investment systems; expansion of shareholding enterprises and establishment of modern enterprise systems; changing of governmental functions and a reduction of government intervention in microeconomic activities; and perfecting of the markets of labor and means of production and establishment of social security systems.

The opening-up policy also made it possible for enterprises to use overseas capital and introduce technologies and managerial skills indispensable in raising efficiency.

One of the ongoing financial reforms in China is to separate lending based on policies from lending based on commercial purposes. As special banks are changing into commercial banks, the lending standard will be determined by maximum profits.

China's efforts to improve its overall economic performance also depend on optimizing allocation of resources as well as readjustment of industrial set-ups and product mixes.

The macroregulations the government is enhancing now constitute a major step in readjusting overall structures.

Since the beginning of this year, the Chinese Government has launched a series of nationwide campaigns to audit product quality. This has had a far-reaching impact on the economy.

China's National People's Congress passed a law concerning product quality and put it into effect on September 1. It can be said that a social environment concerning quality and performance has been created.

As China's socialist market economy deepens, its overall economic performance will undergo a profound change. The Chinese economy will witness a new era of growth matched by economic efficiency.

#### **Vice Finance Minister on Financial, Taxation Reform**

*OW1509080593 Beijing XINHUA Domestic Service in Chinese 1044 GMT 13 Sep 93*

[By reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 13 Sep (XINHUA)—Vice Minister of Finance Xiang Huaicheng disclosed here today that the Chinese Government is actively making plans for financial and taxation reform, which he said is an important part of economic reform as a whole. He said the overall objective of the reform is to develop a new financial and tax system as well as operating mechanisms compatible with the development of a socialist market economy.

Addressing the Sino-Japanese seminar on financial and taxation affairs which opened today, Xiang Huaicheng said financial and taxation reform aims specifically at rationalizing the distribution of resources between the state and enterprises and between the central and local governments; at improving the state's fiscal functions; at ensuring the central government's dominant role in fiscal affairs; and at strengthening the central government's

macroeconomic regulatory and control capacity—all this being done on the basis of internationally acceptable norms. He said financial authorities will actively participate in the distribution and redistribution of national revenues, will properly manage state assets, and will effectively regulate economic operations by using all sorts of economic levers and policies and by working closely with other macroeconomic control departments. He added that reform also aims at achieving the long-term financial balance of the state on the basis of rationalizing distribution.

Xiang Huaicheng stated that financial and taxation reform will also include reforming the system of distributing profits between the state and enterprises.

According to Xiang Huaicheng, the reform will begin with restructuring systems governing individual income taxes, corporate income taxes, turnover taxes, and other tax categories. To restructure the turnover tax system, a system will be established under which value-added taxes become the centerpiece for common regulation, and consumption taxes will be levied for special regulation. Business taxes will continue to be collected in areas where operations do not involve commodities.

The reform also aims at improving the income tax system. One priority in restructuring the corporate income tax system is to standardize the income tax rates for domestic-funded enterprises as well as their pre-tax expenditures. In individual income tax reform, a unified tax system will be established by merging the existing tax categories relevant to individual income taxes and by rationalizing tax burdens.

Local taxes will gradually be levied as part of the plan to restructure and improve other tax categories.

With regard to the restructuring of the financial system, Xiang Huaicheng said the basic objective is to replace existing financial contracts with a fiscal system under which revenues will be shared by central and local governments on the basis of their responsibilities and powers. This is to say expenditures at various levels will be set according to the responsibilities and powers of central and local governments; regular incomes for central government, regular incomes for local governments, and incomes to be shared by central and local governments will be set according to tax categories in accordance with the principle for unity between financial powers and responsibilities; and base figures for local government expenditures will be gradually and scientifically determined. He added: On the basis the central government will amass the bulk of revenues, a system of standardizing payments by central governments to local governments will be instituted. The views of local authorities on this revenue-sharing system are being extensively sought, he said.

Xiang Huaicheng said the purpose of restructuring the financial system is to strengthen the Central Government's macroeconomic regulatory and control capacity. He stressed financial reform will use as many standardized, understandable, and internationally acceptable measures



as possible to standardize distributions relations between the state and enterprises and between the central and local governments.

Speaking on reforming the distribution system between the state and state-owned enterprises, Xiang Huaicheng stressed that reform in this area will be based on the "General Principles for Enterprises' Financial Affairs" and the "Guiding Principles for Enterprises' Accountability;" the state and state-owned enterprises will share profits according to internationally acceptable norms.

Xiang Huaicheng stressed that while priority will be given to streamlining the tax system, financial system, and profit-sharing system, attention will also be paid to reforming other fiscal systems—such as the multiple budget system, the spending system, and the system governing the management of state assets.

### Official on Taxation Policy Reforms

HK1509011093 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 35, 30 Aug 93 pp 5-6

[Article by Zhao Yining (6392 2011 1337): "China To Continue Strictly Implementing the Foreign-Related Preferential Taxation Policies—an Interview with Zhang Xianghai, Deputy Director of the State Administration of Taxation"; first paragraph is editor's note]

[Text] The CPC Central Committee and the State Council recently adopted a series of measures to strengthen macroeconomic control. With regard to taxation, the authorities will mainly take measures to improve the management system for taxation and to prevent local governments overstepping their authority to grant tax reductions and exemptions. Since the relevant notice was made public, we have received responses from inside and outside the borders. Some people speculate whether this means China will rescind the foreign-related preferential taxation policies. More people are concerned about how China will carry out taxation reforms. To clarify the matter, a reporter from this magazine specially interviewed Zhang Xianghai, deputy director of the State Administration of Taxation.

The circular on "Improving the Management System for Taxation and Strictly Controlling Tax Reductions and Exemptions" issued by the State Council not long ago was mainly designed to improve the management system for taxation according to law and to create a more favorable taxation environment so as to promote economic development; it in no way means China's foreign-related preferential taxation policies will be changed, says Zhang Xianghai, an official with special responsibility for China's foreign-related taxation matters.

Specifically, he said, regulations in the "circular" concerning foreign-related taxation can be summarized as follows: First, the "circular" reiterated that all regulations formulated by various localities and various departments in violation of the state tax policies are null and void. Such regulations must be revoked and must not be carried out any more. Second, economic regions which have not been

approved by the State Council are not entitled to enjoy preferential taxation policies applicable to development areas at the state level.

To my knowledge, it was the malpractice of some places setting up development areas and formulating preferential taxation policies on their own in the recent period that prompted the State Council to make the decisions. In the past, some places even told foreign businessmen: Come to invest here; we offer the same policies as the special economic zones. Some places lowered their foreign-related tax rates to 10 percent, lower than the tax rate fixed by the special economic zones. Some places changed the preferential policy of allowing foreign-funded enterprises to pay no taxes in the first two years and pay taxes at a reduced rate in the following three years by extending either time limit to five years. Other places even competed against each other in transferring the power to levy taxes. All these practices produced a negative influence.

Zhang Xianghai said: Under the circumstances mentioned above, it was very necessary and timely for the State Council to make the above decisions.

He pointed out: Since we introduced reform and the opening policy, China has introduced a series of preferential taxation policies to encourage foreign businessmen to invest in China. Facts over more than a dozen years have proved that these policies have played a positive part in attracting foreign funds and in accelerating China's economic development.

He revealed: China's foreign-related tax revenues have increased by a big margin year by year over the last few years. The income stood at 10.7 billion yuan last year, up 52 percent over the previous year. The fact that the tax income in the first half of this year reached 8 million yuan suggests that the growth rate for this period will surpass that of the same period last year.

In his view, it is necessary to adopt preferential taxation policies, but the departments concerned must act according to law. The preferential taxation policies must be formulated by the central government so that we can have unified policies. Since China is a country with a vast expanse of land, comprising 30 provinces (excluding Taiwan), autonomous regions, and municipalities; more than 500 cities; and more than 2,000 counties, for every place to have its own way is bound to result in chaos, thus adversely affecting the state's overall taxation environment rather than allowing preferential taxation policies to play their due role.

This official said: Preferential taxation policies only represent an important link of the investment environment. Other links, such as natural resources, infrastructure, and work force, may be more important. He emphasized that it is wrong to liberalize the preferential taxation policies. The State Council's decision to scrap the preferential taxation policies introduced without central authorization is an important macroeconomic measure to improve the investment environment.

Zhang Xianghai clearly pointed out that the rumor that China will do away with the preferential taxation policies encouraging foreign investment in its effort to strengthen macroeconomic control is totally unfounded. China will remove those preferential policies which violate the tax law but not those preferential policies clearly laid down in the tax law. Instead, China will continue to strictly enforce the law. Rescinding those preferential taxation policies violating the tax law is precisely aimed at correctly enforcing the tax law, thus protecting the interests of investors.

Though there has been a great increase in China's foreign-related annual tax income, it is a small amount compared with the 1992 industrial and commercial taxes of 260 billion yuan. So Zhang Xianghai said: Though rectifying the misbehavior of granting tax reductions and exemptions without central authorization will surely increase the state's revenues, the move was mainly designed to rectify malpractices in taxation and to strictly enforce the tax law, thus creating a favorable taxation environment for developing a socialist market economy.

China's existing foreign-related tax system was gradually set up after we introduced reform and the opening policy. Over the last decade and more, the tax system has played a positive role in promoting reform and opening up to the outside world and in attracting foreign investment. Nevertheless, Zhang Xianghai acknowledged that as the economy continues to grow, the tax system fails to meet the needs of developing a socialist market economy in certain respects. For historical reasons, China is still implementing two different tax systems: a domestic tax system and a foreign-related tax system. The main problem with such a structure is that it fails to meet the requirement for fair competition between enterprises because it leads to different tax rates and uneven tax burdens.

Take income tax for example. The government applies different tax rates to domestic-funded enterprises, including state-owned and collectively run enterprises and individual industrial and commercial operators. To foreign-invested or foreign enterprises, however, China has applied since 1991 an income tax system which features a low tax rate, more liberal terms, and a calculation method similar to international practice.

In the case of the circulating [liu zhuan 3177 6567] tax, there are actually two sets of this. The government levies product tax, value-added tax, and business tax on domestic-funded enterprises and unified industrial and commercial tax on foreign-invested enterprises. The unified industrial and commercial tax system was passed into law in 1958. This tax system is subject to amendment because since 1958 many changes have taken place and under the system there are too few taxable items.

Zhang Xianghai said: To solve the above problems they are, in accordance with the state's unified arrangement, making great efforts to formulate a program for tax system reforms. The program will mainly have two contents:

1. Merging the income tax systems for domestic- and foreign-funded enterprises in steps. The income taxes for

domestic-funded enterprises will be standardized first. After this has been accomplished and after a certain period of preparation and deliberation, the income tax systems for domestic-funded and for foreign-funded enterprises will be merged into a unified income tax system of the People's Republic of China for enterprises.

2. Reforming the circulating tax system. The unified industrial and commercial tax system will be replaced by a new circulating tax system which allows appreciation tax, consumption tax, and business tax to stand side by side and which is subject to two-level [shuang ceng ci 7175 1461 2945] readjustment. As far as the circulating tax system for domestic-funded enterprises is concerned, it is necessary to set up a tax system which allows the appreciation tax, consumption tax, and business tax to stand side by side and which is subject to multilevel readjustment in the future. By two-level readjustment we mean using the appreciation tax to make universal readjustment in the fields of commodity production and commodity circulation and using consumption tax to make special readjustment of certain commodities. In addition, we will introduce a business tax system in certain fields of noncommodity operation. We are planning to remove the existing unified industrial and commercial tax and merge the two sets of circulating tax together.

Zhang Xianghai stressed: In the present tax system reforms, we will continue to follow the three principles concerning foreign-related taxation as follows: Safeguarding the country's rights and interests, serving reform and opening up, and drawing close to international practice. In the whole process of increasing the tax system reform as a whole in the future, the three principles must also be upheld.

He also candidly advised that in the tax system reforms some foreign-related preferential taxation policies may undergo necessary readjustment. However, he added, a general principle will prevail. According to the general principle, the existing taxation policies will be kept intact as far as possible and the taxes levied on foreign-invested enterprises will basically not be increased. If taxes on some trades and some products are to be readjusted upward, measures will be taken to make up the losses caused. In readjusting the tax system, adequate consideration will be given to the interests of foreign-invested enterprises. Efforts will be made to maintain the stability of taxation policies and to bring the taxation policies in line with the state industrial policies so that China's taxation policies will better serve the opening up.

#### **Law on Unfair Competition Adopted**

HK1509113593 Beijing RENMIN RIBAO in Chinese 4 Sep 93 p 5

[XINHUA report: "PRC Law on Unfair Competition Adopted by the Third Meeting of the Eighth NPC Standing Committee on 2 September 1993"]

[Text] Chapter I: General Rules

Article 1: This law is enacted to ensure a healthy development of the socialist market economy, encourage and protect fair competition, curb unfair competition, and protect the legal rights and interests of both business operators and consumers.

Article 2: In market transactions, business operators should observe the principles of voluntariness, equality, fairness, honesty, and faithfulness, and observe generally recognized commercial ethics.

The term "unfair competition" in this law refers to the conduct of business operators which violate the stipulations of this law, infringe on the legal rights and interests of other business operators, and bring disorder to the social economy.

The "business operators" in this law refers to the legal persons and other economic organizations and individuals who are engaged in commercial operations or other profit-making services (the term "commodity" mentioned below includes "service").

Article 3: The people's governments at all levels should adopt measures to stop unfair competition and create a good environment and conditions for fair competition.

The industrial and commercial administrative and management departments of the people's governments at and above the county level should carry out supervision and examination of acts of unfair competition, unless it is prescribed by other laws and administrative regulations that such an act is supervised and examined by other departments.

Article 4: The state encourages, supports, and protects social supervision over the act of unfair competition by all organizations and individuals.

State functionaries should not support and harbor the act of unfair competition.

## Chapter II

Article 5: No business operators should use any of the undermentioned unfair means in market transactions to harm their rivals.

- 1) To assume the trademarks of other business operators.
- 2) To use the unique names, packings, and designs or similar names, packings, and designs of brand name products without authorization, which results in confusion with those brand name products and misleads consumers.
- 3) To use the names of other persons or their enterprises without authorization, which results in misleading consumers.
- 4) To forge or assume the certified brand marks, famous brand marks, and other certified quality marks of other products on their own, to make false certificates of origin, or to mislead consumers by unfaithfully describing the quality of their products.

Article 6: Public utility enterprises and other business operators which are in a monopoly position according to

the law should not set quotas for consumers in the purchase of the products of their designated operators in an attempt to exclude the fair competition of other operators.

Article 7: No government departments or their subordinates should abuse their administrative power to set quotas for others in the purchase of the products of their designated operators in an attempt to restrict the proper operational activities of other operators.

No government departments or their subordinates should abuse their administrative power to restrict the flow of commodities from other areas into their markets or vice versa.

Article 8: No business operators are allowed to use money and materials or other means to give bribes in order to sell or purchase commodities. All commissions to the relevant unit or individual, which are given secretly without entering into the account book, are regarded as an act of giving bribes, and those who accept commissions secretly without entering into the account book are regarded as having taken bribes.

In the sale or purchase of commodities, the business operators can offer discounts or give commissions to the brokers openly. But the relevant discounts and commissions to the brokers should be entered in the account book faithfully. Those who accept the discounts or commissions should also do the same.

Article 9: No business operators should use advertisements or other means to make misleading and false propaganda on the quality, ingredients, functions, effectiveness, producer, expiry date, and place of origin of their products.

Advertising agencies who are aware of, or should be fully aware of, the quality of the relevant products should not accept the agency, designing, making, and issuing of false advertisements.

Article 10: No business operators should use any of the undermentioned means to violate commercial secrets.

- 1) To obtain commercial secrets of authorized persons by means of stealing, luring by promise of gain, threatening, and other illegal means.
- 2) To disclose, use, or allow other persons to use the commercial secrets obtained by the abovementioned means.
- 3) To disclose, use, or allow other persons to use the commercial secrets one has in hand in violation of the relevant agreements or the relevant demands of the authorized persons for keeping the commercial secrets.

If a third person, who is aware of or should be aware of the illegal practices mentioned in the above items, obtains, uses, or discloses other persons' commercial secrets, he will be regarded as having violated commercial secrets.

The commercial secrets mentioned in this article refer to technological information and operational information which are not known by the public, which can bring economic benefits to the authorized persons, and which

are applicable and are protected by the authorized persons by relevant security measures.

Article 11: No business operators should sell their products at a price lower than the production cost in order to exclude their rivals.

But the following practices are not regarded as acts of unfair competition:

- 1) The sale of live and fresh commodities.
- 2) The sale of commodities which will soon exceed the expiry date or other overstocked commodities.
- 3) Seasonal sales; and,
- 4) Sales for repaying debts and changing or ceasing production.

Article 12: When selling their products, no business operators should go against the will of the purchasers and impose tied sales of commodities or other unreasonable conditions on them.

Article 13: No business operators should promote their sales by the undermentioned means.

- 1) To lie about a lucky draw or to intentionally make certain designated persons win the lucky draw in order to deceive customers.
- 2) To promote the sale of high-priced but low-quality products by means of prize-added sales, and,
- 3) The first prize of lucky draw in a prize-added sale is over 5,000 yuan.

Article 14: No business operators should fabricate and spread false stories to hurt the reputation of rivals and their products.

Article 15: Bidders are not allowed to collude with one another to drive up or force down bid prices.

Bidders and bid inviters should not collaborate with one another to exclude the fair competition of their rivals.

### Chapter III

Article 16: The supervisory and examination departments at and above the county level should carry out supervision and examination of acts of unfair competition.

Article 17: While carrying out supervision and examination of acts of unfair competition, the supervisory and examination departments have the rights to exercise the following functions and powers.

- 1) To interrogate business operators, persons involved, and witnesses according to the stipulated procedures and require them to provide evidence and other materials related to the unfair competition.
- 2) To check and reproduce the agreements, account books, bills, documents, records, business letters and telegrams, and other materials related with the unfair competition.
- 3) To examine the relevant money and property related to the act of unfair competition as is stipulated in Article 5 of

this law and, when necessary, instruct the business operators under examination to explain the place of origin and quantity of the relevant commodities, suspend the sale, and await further investigation. No such commodities should be transferred to other areas, hidden, or destroyed.

Article 18: While carrying out supervision and examination of the act of unfair competition, the personnel of the supervisory and examination department should show their examination certificates.

Article 19: While the supervisory and examination department is exercising supervision and examination of acts of unfair competition, the relevant business operators under examination, persons involved, and witnesses should provide relevant materials and situations faithfully.

### Chapter IV

Article 20: Business operators who have harmed other operators should bear the responsibility of compensation. When losses suffered by harmed operators are hard to calculate, the tort liability will be the profits earned by the compensator during the tort period, adding the reasonable payments the harmed operators have made for the investigation of the act of unfair competition which has resulted from the infringement on their legitimate rights and interests.

The business operators whose legitimate rights and interests are harmed by unfair competition can bring the suit to the people's court.

Article 21: Business operators who have assumed other persons' trade marks, used the names of other persons or their enterprises without authorization, forged or assumed the certified marks, brand name marks, and other quality marks of others, forged certificates of origin, or carried out false propaganda on the quality of their products in order to mislead consumers, will be punished in accordance with the "PRC Law on Trade Marks" and the "PRC Law on Product Quality."

The supervisory and examination departments should instruct and order business operators who have used the unique names, packings, and designs of famous brand products or who have used similar names, packings, and designs of famous brand products resulting in confusion with the well-known products of others and in misleading the consumers, to stop their illegal practices and should confiscate their illegal earnings. A fine, 100 to 300 percent higher than the illegal gain, can be imposed on them according to the seriousness of their specific cases. Business licenses can be revoked if the cases are serious. Those who have sold false and inferior commodities, and thus have committed crimes, should be affixed the responsibility for the crimes according to law.

Article 22: Business operators who have used money and materials or other means to give bribes in order to sell or purchase commodities and have thus committed crimes should be affixed the responsibility for the crimes according to law. The supervisory and examination departments can impose a fine from 10,000 to 200,000 yuan on those who have done the same, but have not



committed crimes in light of the seriousness of their cases. All illegal gains should be confiscated.

**Article 23:** The provincial supervisory and examination departments or such departments in the cities divided into several districts should instruct and order the public utility enterprises or other business operators in a monopoly position in accordance with the law, which have set quotas for consumers in the purchase of the commodities produced by their designated operators in order to exclude the fair competition of other operators, to stop their illegal practices and impose a fine from 50,000 to 200,000 yuan on them in light of the seriousness of their specific cases. The illegal gains of the designated operators from selling inferior quality and high-priced commodities or from arbitrary charges should be confiscated by the supervisory and examination departments, and a fine 100 to 300 percent higher than the illegal gains should be imposed on them in light of the seriousness of their specific cases.

**Article 24:** The supervisory and examination departments should instruct and order the business operators who have used advertisements or other means to carry out misleading and false propaganda on their products to stop their illegal practices and eliminate the bad influences, and a fine from 10,000 to 200,000 yuan should be imposed on them in light of the seriousness of their specific cases.

The supervisory and examination departments should instruct and order the advertising agencies which are or should be fully aware of the situation and have accepted the agency, designed, made, and issued false advertisements, to stop their illegal practices, confiscate their illegal gains, and impose a fine on them according to law.

**Article 25:** The supervisory and examination departments should instruct and order those who have violated commercial secrets in violation of Article 10 of this law to stop their illegal practices and impose a fine from 10,000 to 200,000 yuan on them in light of the seriousness of their specific cases.

**Article 26:** The supervisory and examination departments should instruct and order business operators who have carried out prize-added sales in violation of Article 13 of this law to stop their illegal practices and impose a fine from 10,000 to 100,000 yuan on them in light of the seriousness of their specific cases.

**Article 27:** Bids are invalid in which the bidders and bid inviters have collaborated with one another to drive up or force down bid prices, or in which the bidders and bid inviters have collaborated with one another to exclude the fair competition of their rivals. The supervisory and examination departments should impose a fine from 10,000 to 200,000 yuan on them in light of the seriousness of their specific cases.

**Article 28:** The supervisory and examination departments have the right to impose a fine, which is 100 to 300 percent higher than the value of the sold, transferred, hidden, or destroyed commodities, on the business operators who

have disobeyed orders and continued to sell the commodities and other relevant property involved in the unfair competition or have transferred, hidden, or destroyed such commodities and property.

**Article 29:** If the accused refuse to accept the punishment given by the supervisory and examination departments, they can appeal to the higher level departments for reconsideration within 15 days after receiving the penalty decision. If they still refuse to accept the result of reconsideration, they can appeal to the people's court within 15 days after receiving the reconsideration decision, or bring the suit directly to the people's court.

**Article 30:** The practices of the governments and their subordinates in setting quotas for other persons in the purchase of commodities produced by their designated operators, restricting the proper operational activities of other operators, or restricting the normal circulation of commodities among various regions, which are in violation of Article 7 of this law, will be corrected as per instructions and orders of the higher level organs. If their cases are serious, the personnel assuming direct responsibilities will be given administrative punishment by the same level or higher level organs. The illegal gains of the designated operators, which have made use of the opportunity to sell poor quality and high-priced products, or which have arbitrarily collected charges, will be confiscated by the supervisory and examination departments and a fine 100 to 300 percent higher than the illegal gains will be imposed on them in light of the seriousness of their specific cases.

**Article 31:** State functionaries carrying out supervision and examination of acts of unfair competition who have abused their functions and power and neglected their duties and have thus committed crimes, will be investigated and affixed the responsibility for crimes. Administrative punishments will be given to those who have done the same but have not committed crimes.

**Article 32:** State functionaries carrying out supervision and examination of the act of unfair competition, who have bent the law for the benefit of their relatives and friends and who have intentionally shielded operators who have violated the stipulations of this law and committed crimes, will be investigated and affixed the responsibility for the crime according to law.

#### **Chapter V: Supplementary Articles**

**Article 33:** This law comes into force as of 1 December 1993.

#### **Economic Contract Law Revisions Approved**

*OW1109044993 Beijing XINHUA Domestic Service in Chinese 1457 GMT 2 Sep 93*

[Text] Beijing, 2 Sep (XINHUA)—Decision of the National People's Congress Standing Committee on revising the "Economic Contract Law of the PRC," adopted by the Third Session of the Eighth National People's Congress [NPC] Standing Committee on 2 September 1993

The Third Session of the Eighth NPC Standing Committee has deliberated the "(draft) revisions of the 'Economic Contract Law of the PRC'" proposed by the State Council and has decided to make the following revisions to the "Economic Contract Law of the PRC":

1. Article 1 to be revised to read: "This law is formulated for the purpose of ensuring sound development of a socialist market economy, protecting the lawful rights and interests of parties to economic contracts, safeguarding the social economic order, and promoting socialist modernization."

2. Article 2 to be revised to read: "This law is applicable to contracts signed between legal persons who are equal civil parties, other economic organizations, self-employed workers or traders, and rural households operating on contract for the purpose of realizing certain economic goals and clarifying each other's rights and obligations."

3. Article 4 to be revised to read: "In concluding an economic contract, the parties must comply with laws and administrative regulations. No unit or individual may use a contract to engage in unlawful activities, disrupt social economic order, damage state or public interests, or seek illegitimate income."

4. Article 5 to be revised to read: "In concluding an economic contract, parties must implement the principles of equality and mutual benefit and achieve agreement through consultations. No party may impose its will on another party (or parties), and no unit or individual may illegally interfere."

5. Item (1) in paragraph one of Article 7 to be revised to read: "(1) Contracts that violate laws or administrative regulations";

Paragraph three to be revised to read: "A void economic contract shall be confirmed by people's courts or arbitration agencies."

6. Article 8 to be revised to read: "The provisions of this law shall apply to all contracts for purchase and sale, construction projects, processing, transportation of goods, supply and use of electricity, storage and safekeeping, lease of property, loans, property insurance, and other economic contracts, with the exception of those which are governed by other provisions of law."

7. Article 10 to be revised to read: "When an economic contract is to be concluded on behalf of another, before the contract directly gives rise to rights and obligations on the part of the authorizing person, the agent must first obtain authorization from the authorizing person and sign the name of the authorizing person within the scope of authority granted."

8. Article 11 to be revised to read: "If an economic contract concerns any mandatory plan issued to enterprises by the state according to its needs, it shall be concluded between the enterprises concerned according to their rights and obligations as prescribed by relevant laws and administrative regulations."

9. Article 13 to be revised to read: "When currency is used to perform obligations under an economic contract, except as otherwise provided by law or administrative regulations, renminbi must be used for computation and payment."

"Except for cases in which the state permits the use of cash to perform obligations, settlements must be made by transfers between bank accounts or negotiable instruments."

10. Article 15 to be revised to read: "If a party to an economic contract requests a guaranty, a guarantor may provide it. When the guaranteed party does not perform the contract, the guarantor shall be required to perform the contract or be held jointly and severally liable, according to the terms of the guaranty."

11. Item (1) of Article 17 to be revised to read: "(1) The product quantity term shall be concluded through consultations between the supplying and requisitioning parties. The method of measuring product quantity shall be implemented in accordance with state provisions; in the absence of provisions made by the state, implementation shall be in accordance with a method agreed upon by the supplying and requisitioning parties."

Paragraph one of Item (2) to be revised to read: "Product quality and packaging quality terms, where there are mandatory state standards or mandatory trade standards, shall be concluded in accordance with standards not lower than such mandatory state standards or mandatory trade standards; in the absence of mandatory state standards or mandatory trade standards, the terms shall be concluded through consultations between the parties."

Item (3) to be revised to read: "The product pricing terms shall be concluded through consultations between the parties, with the exception of products for which implementation of state-fixed prices is mandated by the state."

"In cases where a product is to be supplied on the basis of fixed state prices, if the state-fixed price is adjusted before the time limit for delivery provided in the contract, the price shall be calculated according to the price at the time of delivery. In the event of late delivery, if the price has increased, the original price shall be implemented; if the price has dropped, the new price shall be implemented. In the event of late acceptance of delivery of goods or late payment, if the price has increased, the new price shall be implemented; if the price has dropped, the original price shall be implemented."

12. Paragraph one and paragraph two of Article 18 be combined into one and read: "In contracting for construction projects, including surveys, designs, building, and installations, one general contractor may sign a general contract with the construction unit, or several contractors may separately sign contracts with the construction unit. Contracts for major state construction projects shall be concluded in accordance with the procedures stipulated by the state, and in accordance with the investment plan, task plan, and other state-approved documents."

13. Paragraph one of Article 20 to be revised to read: "Contracts for transporting goods shall be concluded through consultations between the consignor and the shipper."

14. Article 24 to be revised to read: "Loan contracts shall be concluded in accordance with relevant State Council regulations. The contract shall clearly provide the amount of the loan, use, terms, interest rate, procedures for settling accounts, liability for breach of contract, and similar terms."

15. Paragraph one of Article 25 to be revised to read: "A property insurance contract is concluded after the insurance applicant submits an insurance application, the insurer agrees to insure the property, and the parties reach agreement on insurance terms. The insurer shall promptly issue an insurance policy or other form of insurance certificate to the applicant."

16. Article 26 to be deleted.

17. Article 27 be changed to Article 26, item (1) of paragraph one be revised to read: "(1) If both parties agree through consultation, and if such modification or rescission would not damage the interests of the state and the general public";

Item (2) and Item (3) of paragraph one be deleted.

Item (4) of paragraph one be changed to item (2) and revised to read: "If force majeure makes it impossible to perform all the obligations of the economic contract";

Item (5) of paragraph one be changed to item (3) and revised to read: "If one party fails to carry out its part of the contract during the time limit agreed upon."

Paragraph two be revised to read: "If the circumstances mentioned in Item (2) and Item (3) of the previous paragraph occur, one party has the right to inform the other party of the rescission of the contract. If one party suffers losses due to the modification or rescission of an economic contract, the party that is responsible, except when it may be excused from liability according to the law, shall be liable to pay compensation."

18. Article 28 be changed to Article 27 and revised to read: "The notice or agreement regarding the modification of the rescission of an economic contract shall be in written form (including a document, telegram, etc.). Before agreement has been reached, the original economic contract shall remain in force except when force majeure makes it impossible to carry out all the obligations of the economic contract, or when one party fails to carry out the terms of the contract during the time limit agreed upon."

19. Article 29 be deleted.

20. Article 30 be deleted.

21. Article 33 be deleted.

22. Article 34 be changed to Article 30 and revised to read: "If a party cannot carry out the terms of the economic contract due to force majeure, it shall promptly notify the other party of the reason why it cannot carry these out or

why it needs an extension of time to carry out or partially carry out the economic contract. After it has obtained the relevant certificate, it shall be permitted to extend the time to carry out or partially carry out or not carry out the contract [as received], and it may, in accordance with the circumstances, be partly or completely excused from liability for breach of contract."

23. Article 36 be deleted.

24. Article 37 be changed to Article 32 and revised to read: "Breach of contract damages and compensatory damages shall be paid within 10 days after liability is clearly established, or else the matter shall be handled as an overdue payment."

25. Article 45 be changed to Article 40, and Item (1) be revised to read: "(1) Liability of the lender: If the lender does not make loans in a timely manner in accordance with the provisions of the contract, it shall pay breach of contract damages."

Item (2) be revised to read: "(2) Liability of the lessor: If the borrower does not repay the loan in accordance with the provisions of the contract, it shall be liable for breach of contract and shall pay additional interest."

"If the borrower does not utilize any loan in line with the government's policy and in accordance with the provisions of the contract, it shall pay additional interest; the lender shall have the right to recall part or all of the loan ahead of schedule."

26. Article 46 be changed to Article 41, and Item (1) be revised to read: "(1) Liability of the insurer: It shall be liable to pay an indemnity for the losses caused by an insured accident within the scope of the insured amount. The reasonable expenses paid by the policyholder in order to avoid or reduce the losses within the scope of the insured's liability by means of rescue, protection, repair, or litigation shall be reimbursed in accordance with the provisions of the contract. If it does not indemnify the policyholder in a timely manner, it shall be liable for breach of contract."

27. Article 47 be deleted.

28. Article 48 be changed to Article 42 and revised to read: "If disputes over an economic contract develop, the parties may resolve them through consultation or mediation. If the parties are unwilling to resolve them through consultation or mediation, or if consultation or mediation fails to resolve them, the parties may, in accordance with the arbitration terms of the contract or with a written arbitration agreement reached afterwards, apply for arbitration by an arbitration agency. The parties may bring a suit in the people's courts if their economic contract contains no arbitration terms and if no written arbitration agreement is reached between them afterwards."

One additional paragraph, paragraph two, be added, which reads: "In the case of a decision made after arbitration, the arbitration agency shall issue a written arbitration decision. The parties shall implement the arbitration decision made by the arbitration agency. If one party does not

implement within the prescribed time the arbitration decision made by the arbitration agency, the other party may request the people's courts to enforce it."

29. Article 49 be deleted..

30. Article 50 be changed to Article 43 and revised to read: "The deadline to apply for the arbitration of disputes over an economic contract is two years from the date when the party concerned learns of or should have known of the infringement of its rights."

31. Article 51 be changed to Article 44 and revised to read: "Administrative departments for industry and commerce and other departments concerned under the people's governments at or above the county level are responsible for supervising economic contracts in accordance with their duties as stipulated by laws and administrative regulations."

32. Article 52 be deleted.

33. Article 53 be changed to Article 45 and revised to read: "Illegal acts of utilizing economic contracts to impair the interests of the state and the public interest shall be dealt with by the administrative departments for industry and commerce and other departments concerned under the people's governments at or above the county level in

accordance with their duties as stipulated by laws and administrative regulations. If they are criminal acts, criminal liability shall be applied to the perpetrators according to law."

34. Article 54 be deleted.

35. Article 55 be changed to Article 46 and revised to read: "Economic contracts and technological contracts involving foreigners shall be governed respectively by the "Foreign Economic Contract Law of the People's Republic of China" and the "Technological Contract Law of the People's Republic of China."

36. Article 56 be deleted.

This decision shall come into force on the day of its promulgation. If the contents of relevant administrative laws and regulations as well as those of regional statutes and rules which were formulated on the basis of the "Economic Contract Law of the People's Republic of China" before the implementation of this decision are in contradiction with this decision, this decision shall prevail.

The "Economic Contract Law of the People's Republic of China" shall be revised in accordance with this decision and be promulgated again.



## East Region

### Fujian Governor Comments on Economic Regulation

HK1409140693 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0901 GMT 30 Aug 93

[By correspondent Zhou Jingluo (0719 2529 3157) ]

[Text] Fuzhou, 30 Aug (ZHONGGUO XINWEN SHE)—Fujian Governor Jia Qinglin pointed out today at a Fujian CPC work session that results achieved by the province's macroeconomic regulation and control and its stable and healthy economic growth have boosted foreign business firms' investment confidence.

Jia Qinglin said that Fujian has set up a Land Assessment Commission and a provincial center of land pricing in an effort to improve land price administration. It has been screening and sifting the existing land tract developments, during which petitions for developing 35 lands totaling 28 square km were reviewed and inspected anew, 18 land developments measuring 192 square km in total area were halted, and five development zones measuring some 2,700 mu and related projects were either withdrawn or suspended. Forty-nine property development firms have been formally severed from land administrative departments. In July, the number of registrations for new real estate firms and such approvals were down by half; the administration of second- and third-hand markets has been strengthened; property sales and purchase speculation has abated; and prices have come down.

Fujian departments overseeing foreign exchange and foreign trade have tightened management of exports and foreign exchange earnings, closed firms dealing in illegal foreign exchange (futures) trade, and cracked down harshly on foreign exchange speculation, resulting in changes in the demand and supply of foreign exchange swap markets and the rapid climb of renminbi exchange rates.

The province has also stopped discounts made in contravention of rules, with about 500 million yuan in discounts recalled across the province in July, and has set up capital financing centers headed by a people's bank: the Provincial Capital Flow Regulation Center and Xiamen Capital Flow Regulation Center.

Jia Qinglin stressed that economic regulation and control will have to continue to ensure the province's healthy economic growth.

### Addresses Investment Trade Fair

HK1409130093 Fuzhou Fujian People's Radio Network  
in Mandarin 1100 GMT 8 Sep 93

[Text] The 1993 Fujian Investment and Trade Fair was solemnly opened in Xiamen's Fushan International Exhibition City this morning. Thousands of people, including the comrades in charge of the four provinces and two cities cosponsoring this fair; leaders of the relevant state departments; comrades in charge of other provinces and municipalities; compatriots from Hong Kong, Macao, and

Taiwan; businessmen from within and outside China; and domestic and foreign friends from all circles attended the opening ceremony.

Chen Guangyi, Fujian provincial secretary; Jia Qinglin, provincial governor; Zhao Guanghua, deputy director of the State Council Special Economic Zones Office; Yao Jiyuan, Guizhou vice governor; Zhang Weiqing, Shanxi vice governor; Liu Chunmao, Shaanxi vice governor; Sun Yike, special liaison official of the Ministry of Foreign Trade and Economic Cooperation in Fuzhou; Shi Zhaobin, Xiamen city secretary; and Zhu Yuhui, Nanjing city deputy secretary cut the ribbon for the fair.

Jia Qinglin, chairman of the organizing committee of the fair and governor of Fujian Province, delivered the opening address. On behalf of the organizing committee of the fair, he extended a warm welcome to leaders, guests, and friends present at the ceremony by invitation.

Jia Qinglin said: Fujian Investment and Trade Fair, initiated in 1987, has become more and more an international investment-inviting event with unique characteristics and operates with special economic zones as the window. It has been more and more welcomed by domestic and overseas businessmen. This year's fair has the following three distinctive features:

First, the scope is even bigger and it is cosponsored by six provinces and cities, thus increasing the investment areas that investors can choose from.

Second, the content of the fair is richer. There are not only ordinary processing projects, but also important projects related to the exploitation of resources, basic industry, and basic agriculture. Especially outstanding among them are cooperative projects in the infrastructural fields, such as energy and communications.

Third, the forms are more varied. The projects for investment not only encourage independent foreign investments, but also encourage state-owned and township and town enterprises to absorb foreign capital and open up new domains of joint venture and cooperation.

Jia Qinglin pointed out: Now that China's macroeconomy is constantly improving, we must, while continuing to strengthen macroeconomic regulation and control, keep a good hold of the opportunity and concentrate on deepening the reform, expanding the opening up, converting the mechanism, optimizing the structure, and enhancing efficiency; strive to create an improved environment for foreign investments; and maintain sustained, speedy, and healthy development of the economy.

### Shanghai Increases Discipline in News Reporting

OW1409134093 Shanghai People's Radio Network in  
Mandarin 2300 GMT 25 Aug 93

[From the "Morning News" program]

[Text] The Propaganda Department of the Shanghai Municipal CPC Committee and the Shanghai Municipal Press and Publication Bureau recently promulgated rules

on strengthening vocational ethics of journalists and forbidding compensation for news reporting.

According to the rules, journalists must adhere to the direction of serving the people and socialism, keep to the principle of making accurate reports and observing party discipline, and maintain and develop the fine tradition of performing their duties in a faithful manner and of being honest and setting strict demands on themselves. Compensation for news reporting should be strictly forbidden.

The rules stipulate that press units must refrain from publishing news for which compensation has been paid in various forms or seeking illegal profits for individuals and small groups. Various units must not present gift money or negotiable securities to press units or journalists under any name, nor should they attract journalists to cover news and make reports on those localities or units by offering awards. Journalists are not allowed to barter newspaper space or broadcasting programs for profits and openly or covertly demand money or things. While covering news, journalists should not accept expensive gifts or money from units or individuals being interviewed by them. If they encounter difficulties in rejecting those gifts or money, they must voluntarily turn those gifts or money over to their respective units.

News reporting and operation should be strictly separated. Journalists are not allowed to engage in advertisement and any kinds of operational activities, including sales of products and transfer of technologies. Without the approval of departments concerned, journalists are not allowed to work in other units in their spare time and earn money. The journalists must not take advantage of their role and accept the allocation of houses or repair and improvement of their houses, supply of furniture, and installation of telephones by other units. They must not ask other units to submit expense accounts for their own expenditures.

Journalists must not accept invitation for travel from other units without the approval of appropriate authorities. Covering news in other localities as requested by various organizations must be handled in a unified manner by leading members of press units.

Journalists must not take part in stock market operation during their working hours. They must not use news reporting and public opinion to disrupt the operation and healthy development of the stock market.

The rules call on various press units to constantly conduct education on vocational ethics and legal system for journalists, and set measures to enhance their self-discipline.

As to those journalists who strictly abide by the rules and consciously resist unhealthy tendencies should be commended. Press units should promptly circulate a notice of commendation for those advanced typical examples, while people who violate the rules must be handled strictly.

### Shanghai Increases Infrastructure Construction

OW1509153593 Beijing XINHUA in English 1522  
GMT 15 Sep 93

[Text] Shanghai, September 15 (XINHUA)—Shanghai's investment in infrastructure construction over the past five years surpassed 26.4 billion yuan, or 1.4 times that of the total in the 1980s.

According to local officials responsible for urban construction, 10 large infrastructural projects are expected to be completed this year, two years ahead of schedule, while work on another 10 will begin soon.

The projects now under construction or having been completed include one tunnel and two bridges across the Huangpu River, the Number One subway across the city, and part of a 48-km-long flyover which will connect the two major river bridges of the city.

In addition, the city now contains more than 1 million telephones, a figure that will jump to 1.5 million this year.

The city has also made great efforts to tackle water pollution. Projects aimed at limiting pollution of the Suzhou River and the upper reaches of the Huangpu River are well underway.

The officials said the city's goal is to become an international center in the sectors of finance and trade within the next 20 years. To achieve this, improving infrastructure in the following sectors must be accelerated.

- Building a network of land, water and air transportation lines, including deep-water ports, highways, express railroads, subways and another international airport.
- Expanding the existing power supply system. A planned nuclear power plant and increased gas supplies will fill the needs of businesses and consumers.
- Developing a highly efficient and high-speed communications and information system by means of optical fiber transmission and satcom technology. About 60 percent of the city's households will be connected into the efficient telephone system by the year 2000.
- Creating a clean and attractive environment for residents to work and live in. Garbage disposal technology will be upgraded. Above 55 percent of the sewage will be treated. By the turn of the century, 20 percent of the city will contain green coverage.

### Builders Completes Cable Bridge in Shanghai

OW1509073393 Beijing XINHUA in English 0720  
GMT 15 Sep 93

[Text] Shanghai, September 15 (XINHUA)—The building of the world's longest cable-stayed bridge, the Yangpu Bridge across the Huangpu River in Shanghai, was completed today.

The 7,658-meter long, double-towered bridge has cost 1.33 billion yuan. Its main span is 602 meters long, the longest of its kind in the world.

Its 256 pieces of color cable link two towers on opposite banks of the Huangpu River. The bridge has six lanes able to handle 50,000 motor vehicles a day and ships of 55,000 tons deadweight can pass underneath.

The bridge took only 29 months to build.

The Yangpu Bridge is expected to alleviate traffic jams between Pudong, a newly-established economic zone, and Puxi, the business center of this city, which is China's largest economic center.

### Central-South Region

#### Guangdong Reports 'Abnormal Pricing Behavior'

HK1409145093 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1020 GMT 1 Sep 93

[Text] Guangzhou, 1 Sep (ZHONGGUO TONGXUN SHE)—Guangdong Province discovered a few days ago during a provincewide large-scale inspection of charges and prices that the new regulatory control cannot catch up with deregulated prices and there is an outstanding phenomenon of abnormal pricing behavior.

As shown by the inspection, in some of the forests within the province, one cubic meter of timber costs only 60 yuan, but the selling price is 600 yuan. At quarries, the price of each cubic meter of stone was over 30 yuan in normal competition, but the price rose to 68 yuan after the quarries collaborated with each other in forming a monopoly. The price rise of medicines is also very obvious, and the profit rate of many pharmaceutical factories exceeds 100 percent. In addition, although administrative and business charges have been rectified several times, the problem of setting up numerous charges in violation of one's authority and collecting unreasonable charges still cannot be checked. Car inspections should be conducted once a year, but some cities go so far as to conduct it four times a year and, apart from the annual inspection fee, charge 100 yuan for an application form, 5,000 to 20,000 yuan for car registration and license fees (the amount is as high as from 100,000 to 150,000 yuan in some cases), and also collect 10,000 to 30,000 yuan in additional fees of "choosing a car number." In a certain city, over 10 departments collect 21 types of charges from sugar cane growers alone. At present, the masses paying medical and education fees have strong grievances. Some hospitals concoct various pretexts to charge fees, and the fee of delivering a child is as high as 2,100 yuan; whereas university graduates waiting for assignments and students promoting from junior to senior secondary schools, as well as those striving to enter universities this year, have become the targets of extortion, and there is an astonishingly large number of fees.

This year, the extent of price rises in Guangdong Province is quite large, which, generally speaking, reflects the high-speed economic growth. However, it is also due to the fact that some localities have relaxed control over prices and that some departments and trades and professions have overstepped their authority to arbitrarily set up charges

and increase fees. As far as the problem of price rises is concerned, economic experts warn that prices are the indicator of the market economy, and exorbitant prices will trigger inflation and disrupt the economic order. To stabilize the extent of price rises, it is necessary to establish a new market price system, including formulating laws and regulations to standardize market prices and setting up a macroscopic regulatory system related to prices and charges.

#### Hubei Secretary on Deng's Anticorruption Advice

HK1509082093 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 9 Sep 93

[Excerpts] The provincial CPC committee held a provincial work meeting in Wuchang this morning [9 September] on improving party and government conduct in Wuchang. Guan Guangfu, provincial secretary and chairman of the provincial people's congress standing committee, gave an important speech at the meeting, calling for efforts to take the anticorruption campaign further, improve the party and government conduct, and ensure the smooth development of reform, opening up, and economic construction.

Comrade Guan Guangfu spoke on the following four issues according to the results of discussion by the standing committee members of the provincial CPC committee: First, to seize the excellent situation and correctly appraise the status quo of the struggle against corruption in this province; second, to intensify study and align everybody's thinking with Comrade Deng Xiaoping's important thinking on combating corruption and upholding two "unservings"; third, to conduct the anticorruption campaign steadfastly and unrelentingly and make sure that achievements for the current period be made in the near future; and, fourth, to substantially strengthen leadership over the anticorruption campaign. [passage omitted]

When speaking on the second issue, Guan Guangfu pointed out: Whether or not the anticorruption campaign can be carried out in depth and in a smooth way depends mainly on the unification of thinking. The broad ranks of party members and cadres province-wide, especially leading cadres at various levels, should follow Comrade Jiang Zemin's instructions and restudy some of Comrade Xiaoping's expositions to unify their thinking and guide the anticorruption campaign. In light of the key points of Comrade Jiang Zemin's speech, I would like to share a few points of what I have learned from the study.

One, combating corruption is an important safeguard for boosting the economy with concentrated efforts and an inherent aspect of the endeavor to build socialism with Chinese characteristics. As early as 1982 Comrade Xiaoping clearly pointed out: The struggle against economic crime is a safeguard for our keeping to the socialist road and realizing the four modernizations. This means that combating corruption is not in conflict with reform, opening up, and economic construction, and is indispensable, not optional. Naturally, combating corruption is not something that goes on beyond economic construction, but is an important safeguard for boosting the economy with



concentrated efforts and one for adhering to the building of socialism with Chinese characteristics. Economic construction is the center and all other work must obey and serve this center and may not interfere with it. We must consistently pursue Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line and keep a firm hold of economic construction as the center and uphold the two "unswervings." The two "unswervings" are: One, to unswervingly carry out reform and opening up, develop socialist market economy, and conduct the building of material civilization well; and, two, to unswervingly preserve honesty, combat corruption, and strengthen the building of spiritual civilization.

Second, it is necessary to uphold the principle of doing two types of work simultaneously with equal intensity. This is Comrade Deng Xiaoping's consistent thought. When explaining the main tasks of reform and construction in the 1990's, the 14th National CPC Congress report reiterated the need to revolve around economic construction as the center; strengthen the building of socialist democracy, legal system, and spiritual civilization; and strive for [words indistinct] and all-around progress. We must implement the party's basic line comprehensively and accurately and never give up the principle of doing two types of work simultaneously. In doing two types of work simultaneously, it is imperative to do them with equal intensity. Combating corruption is not only the responsibility of party committees, but also that of government departments. [passage omitted]

Fourth, rectifying party conduct is key to rectifying the general mood of society. Leading cadres should take the lead in combating corruption and fostering honest conduct. At the National CPC Congress in 1985, Comrade Deng Xiaoping pointed out: Rectifying party conduct is key to rectifying the general mood of society. He then sharply pointed out: Today, a small number of people are acting like overlords, divorce themselves from the masses, and set a bad example, leading the general mood of society astray. In order to rectify party conduct and improve the conduct of the public, it is imperative to begin by improving the conduct of our high-ranking cadres. Leading cadres should take the lead in carrying forward the party's fine tradition.

Fifth, maintaining and promoting the glorious tradition of plain living and hard struggle helps overcome corrupt phenomena. In March 1989, Comrade Deng Xiaoping pointed out: The development in the past 10 years has been very good. Our biggest lapse has been that in education. The most important lesson is that we have failed to remind the people, including communist party members, to preserve the tradition of plain living and hard struggle, when the economy showed gratifying development and the people's living standards improved. With this tradition, we can [words indistinct]. Today, money worshipping, hedonism, and out-and-out individualism are showing signs of growth among some party members and cadres and their minds have been corroded. Therefore, it is necessary to advocate the spirit of plain living and hard struggle. Only

with years of plain living and hard struggle can we bring about relatively good development and obtain the conditions for sustained development. [passage omitted]

Finally, Guan Guangfu said: The struggle against corruption is an important task for strengthening party building and government building. Party committees and governments at all levels must substantially strengthen leadership. Party committees should keep the whole picture in sight, attend to the anticorruption campaign in a truly tangible way, and conduct unified planning, organization, examination, and implementation. Party committees and governments should assume joint responsibility. Chief leading comrades should see to the matter personally and follow the requirement of "one position, two responsibilities, and doing two types of work simultaneously." [passage omitted]

## Southwest Region

### Guizhou Secretary Addresses Non-CPC Forum

HK1409125593 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 7 Sep 93

[Text] Yesterday morning [7 September], the Guizhou Provincial CPC Committee held a forum, relaying to all democratic parties, the Federation of Industry and Commerce, and personalities with no party affiliation in the province, the instructions issued by the central authorities and the provincial CPC committee on the topic of the anticorruption campaign. Long Zhiyi, deputy secretary of the provincial CPC committee and chairman of the provincial committee of Chinese People's Political Consultative Conference [CPPCC], presided over the forum. Provincial Secretary Liu Fangren; Deputy Secretaries Liang Mingde and Wang Siqu; Xia Guohua, secretary of the provincial commission for discipline inspection; and Li Yuandong, vice chairman of the provincial CPPCC committee, attended the forum. Leaders of provincial committees of the democratic parties, including the Revolutionary Committee of the Chinese Kuomintang, China Democratic National Construction Association, China Association for Promoting Democracy, Chinese Peasants and Workers' Democratic Party, and Jiusan Society; the provincial committee of the All-China Federation of Industry and Commerce; as well as representatives of personalities with no party affiliation, attended the forum.

At the forum, Xia Guohua first relayed General Secretary Jiang Zemin's important speech at the second plenary session of the Central Commission for Discipline Inspection [CCDI] and the spirit of the second plenary session of the CCDI. Liu Fangren briefed the participants on the state of work on combating corruption and promoting government honesty in our province and suggestions for arranging the implementation of the central guideline and conducting the anticorruption campaign. He emphasized: In order to conduct the anticorruption campaign well, it is necessary to conscientiously do the following tasks well.



First, it is necessary to study in greater depth, unify thinking, and further develop a macroclimate of combating corruption and promoting government honesty.

Second, it is necessary for the whole party to take part and do practical things, making sure that marked achievements in the anticorruption campaign for the current stage be accomplished in the near future.

Third, it is necessary to truly grasp a number of key issues related to the anticorruption drive under the new circumstances and strive to hold the initiative in the campaign.

Fourth, party committees at all levels must substantially strengthen leadership and ensure healthy and orderly progress of the anticorruption campaign.

Finally, Liu Fangren, on behalf of the provincial party committee, expressed the sincere hope that all democratic parties, the Federation of Industry and Commerce, and personalities with no party affiliation will bring into full play their role in supervising the anticorruption campaign, assist in substantial terms our party and the provincial CPC committee in effectively combating corruption and promoting government honesty, and make joint efforts and contribute more to reinvigorating Guizhou and making the people richer.

#### **Democratic Party Leader on Guizhou's Economy**

*HK1409131193 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 7 Sep 93*

[Text] Yesterday morning [7 September], Li Peiyao, vice chairman of the National People's Congress [NPC] Standing Committee and chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang; Qian Weichang, vice chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] and vice chairman of the Central Committee of the China Democratic League; and comrades in charge of CPC central organs, state organs, democratic parties, and the All-China Federation of Industry and Commerce, had a discussion with Guizhou's party and government leaders and comrades in charge of the provincial committee of democratic parties and the Federation of Industry and Commerce. They said: To develop Guizhou's communications is of special importance to the overall economic development of Guizhou.

The discussion was chaired by provincial CPC committee Secretary Liu Fangren.

Chen Shineng, deputy provincial secretary and provincial governor, gave a briefing on Guizhou's economic work at the discussion session. He pointed out: If the problem of communications could be resolved, Guizhou would be able to make big steps forward.

NPC Vice Chairman Li Peiyao said at the session: Guizhou's regarding the improvement on its communication conditions as a focus of its work is in conformity with reality. In developing Guizhou's communications, it is necessary to view Guizhou's effort against the background

of the entire southwest or even the whole country. If Guizhou forms a multimodal communication network incorporating highways, railways, waterways, and air traffic, it would provide a good safeguard for the development in the entire southwestern region. He said: All democratic parties should make efforts and fulfill their duties to help Guizhou end poverty and develop the economy.

CPPCC Vice Chairman Qian Weichang said in his speech: Guizhou is a multinational mountainous region. If the problem of communications is not well resolved, the minority people in the mountainous areas would be unable to interact with the developed areas outside or end poverty and reach prosperity quickly. While constructing big communications facilities, Guizhou should also make a point of building good highways in mountainous areas and linking up the minority nationalities in those areas with more developed cities and towns so they can learn a greater number of new things and quicken the pace of ending poverty.

#### **Sichuan Secretary Urges Investment in Education**

*HK1509093693 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 9 Sep 93*

[Text] As Teachers' Day is approaching, provincial party Secretary Xie Shijie and Deputy Secretary Song Baorui went to Sichuan Teachers' University, Electronics Science University, Chengdu Polytechnic, and Xinan Communications University yesterday to meet teachers, in the company of Wang Kezhi, director of the provincial education department. On behalf of the provincial party committee and government, Xie Shijie and Song Baorui extended their festival greetings to teachers, students, and staff members of the institutions of higher learning.

While meeting with teachers, Xie Shijie and Song Baorui, on behalf of the provincial party committee and government, expressed their gratitude to teachers for contributing to Sichuan's education cause, economy, science, technology, and social development.

Experts, scholars, and teachers' representatives from universities and colleges frankly exchanged views with the provincial leaders on education development, higher education, education reform, outlay for education and scientific research, transfer of scientific research achievements, and problems in teachers' working conditions and livelihood.

After fully affirming the hard work of teachers of universities and colleges, Xie Shijie pointed out: The key to resolving unfair social distribution, improving teachers' living standards, increasing their remuneration, and increasing investment in education lies in economic development. We should have a correct understanding of the dialectical relations between economic development and education and give priority to education. Attention should be given to the question of the contingent of middle-aged and young teaching staff, which is not stable, and measures should be adopted to promptly settle the problems in their working conditions and livelihood. While improving the

livelihood and working conditions of teachers, it is necessary to strengthen ideological and political work. To be worthy of their title, teachers, who are engineers of the human soul, should continue to carry forward the dedicating spirit, pioneer a great cause with arduous efforts, and teach and train students.

### Muslims in Sichuan Protest 'Insulting' Cartoon

HK1309152493 Hong Kong TA KUNG PAO in Chinese  
11 Sep 93 p 2

["Special Dispatch" from Beijing by staff reporter Ma Ling (7456 3781): "Sichuan Art Publishing House Punished For Publishing Cartoon Insulting to Muslims"]

[Text] After the Muslim masses living in Gansu, Shaanxi, Qinghai, and Ningxia lodged a strong protest against a cartoon insulting Muslims carried in a Taiwan comic book entitled "Sudden Turn of Mind" reprinted by the Sichuan Art Publishing House, the Sichuan Provincial People's Government meted out the following severe punishment to persons in charge of Sichuan Art Publishing House: The publishing house director was relieved of his post, the publishing house deputy director removed from office, and the editor responsible for publishing the book expelled to face legal sanctions.

In March of this year, without the approval of Taiwan Shih Pao [Taiwan Times] Company Limited, the Sichuan Art Publishing House reprinted a serialized comic book entitled "Sudden Turn of Mind," a book of cartoons and short footnotes intended to train acute response of human mind, and sold the book in the whole country. In August, a Gansu Muslim bought a copy of the book by chance and found a cartoon insulting Muslims inside the book: A group of Muslims are holding a religious ritual with a big fat pig above them. The cartoon carries a footnote that reads: Who on earth has not eaten pork but has seen pigs walking?

That cartoon evoked widespread repercussions later on. The Muslims living in the northwestern part of China took to the streets and held demonstrations in protest against the publication of the book with growing anger. They also recalled that an essay entitled "Wheat and Ningxia" published by CHONGQING RIBAO on 31 October, 1992 said that "The Hui nationality worships the God of Pig." They also recalled another incident in which someone said that "pig is the ancestor of the Muslims" in a question-and-answer program broadcast by Chengdu Television Station this summer. The Muslims held that they had been insulted in Sichuan on several occasions and must take action to respond to those insults. It was learned that someone later even suggested that the Muslims find out and kill those responsible for the publication of the book. As a result of the incident, some Sichuan natives living in Lanzhou became nervous and went into hiding.

Regarding the incident, the China Muslim Organization, which claims a membership of over 20 million, made the following four internal appeals to the Muslim masses: 1) To organize legal experts to bring a lawsuit against those responsible for the three aforementioned Sichuan-based cases in accordance with the law; 2) to ask the court to

order those responsible for the three cases to pay compensation to Chinese Muslims, as well as to Muslims all over the world; 3) to demand that those responsible for the three cases apologize through news media to all Muslims in the world in order to obtain forgiveness from the Muslims and avoid similar incidents from erupting again; and 4) all Muslims should take unified action, exercise restraint, lay store by methods of struggle, and prevent those with ulterior motives from making trouble.

After the incident broke out, the Sichuan Provincial People's Government issued six circulars in fewer than 10 days and set much store by it with the result that those responsible for the three cases have been dealt with in the following way: 1) The Sichuan Art Publishing House director has been relieved of his post, the Sichuan Art Publishing House deputy director removed from office, and the Sichuan Art Publishing House editor responsible for publishing the above-mentioned book expelled to face legal sanctions. 2) The Sichuan Art Publishing House has been ordered to apologize to Muslims, as well as recover and destroy all copies of the aforementioned book circulating in Sichuan at the moment. On the other hand, State Media and Publications Office will issue a circular concerning the incident to the whole country. All economic losses incurred in the incident will be borne by the Sichuan Art Publishing House. 3) Those responsible for the three cases will be investigated and dealt with in accordance with the law. 4) The Sichuan Provincial People's Government has called for conscientiously screening and examining all publications in the province.

At the end of August, a Gansu-based Muslim organization sent a nine-member delegation to Sichuan to discuss the matter. It was learned that after being told that the incident had been dealt with in the above-mentioned way, the delegation was basically satisfied. The delegation returned to Gansu the day before yesterday and was promised to be notified of the legal settlement of the incident.

### Report on Campaign Against Embezzlers in Sichuan

HK1409054693 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1145 GMT 30 Aug 93

[By reporter Xiao Longlian (5618 7893 5114) and trainee reporter Lin Lun (2651 0243)]

[Text] Chengdu, 30 Aug (ZHONGGUO XINWEN SHE)—More than 100 "financial moths" within Sichuan's financial system who embezzled large amounts of public funds, have already fallen to the net of law.

Gong Dulun, chief procurator at Sichuan Higher People's Procuratorate, said recently that the current situation of economic crimes such as corruption and bribery is very serious, and that judging from known cases, corruption and bribery crimes in the financial system were the most serious, for most of the big cases took place within the system.

According to a briefing by the provincial procuratorate, since last year, a total of 336 corruption and bribery cases

in the province's financial system have been handled, among these cases 102 were handled in the first half of this year. Among some 100 criminals who have been brought to justice, were officials in charge of banks, credit organizations, and insurance companies, as well as those who served as tellers, accountants, and brokers. Many of them were personnel working at savings counters, and six of them were bank managers.

These "financial moths" used the opportunities arising from their jobs to embezzle surprisingly large amounts of money which belonged to the people. This year, the province has handled six corruption and bribery cases each of which involved more than 100,000 yuan, and in a certain city, a total of nearly 25 million yuan of public funds was embezzled without authorization from January to June.

Officials from the procuratorate pointed out that the increase in economic crimes within the financial system could be attributed to the fact that the rules and regulations were not sound, leaving criminals with opportunities, besides this, the crux was slackened supervision over financial activities and funds management was not scientific and standardized, while audits failed to effectively prevent crimes.

The chaotic financial order comes from the "internal chaos" of the financial system. The procuratorial official said that this kind of "internal chaos" has already seriously affected economic life in Sichuan. One of the adverse effects is the issuance of IOUs during purchase of farm products. In Yilong County, which is a poor county designated to receive priority relief assistance, teachers could not cash their paychecks, whereas the manager and deputy manager of the agriculture bank there allocated 1.2 million yuan without authorization to others for car speculation, and they received bribes.

The procuratorial official frankly admitted that crimes in the financial system can easily be concealed, and there is certain degree of difficulty in investigating into these crimes. But the current anticorruption drive in the whole country is taking shape, and the unlawful persons will eventually fall to the net of law.

### Northeast Region

#### Heilongjiang Secretary Meets Hong Kong NPC Deputation

SK1409085393 Harbin HEILONGJIANG RIBAO in Chinese 1 Sep 93 p 1

[By reporter Wang Xuemei (3769 7185 2734): "Hope To Build Heilongjiang Into Southeast Asia's Transfer Station for Trade With the CIS"]

[Text] After winding up its observation tour of Harbin, Daqing, Yichun, Mudanjiang, and Suifenhe, the NPC deputation in Hong Kong region had a talk with the province's leading comrades on its impressions on

Heilongjiang after the observation and on its opinions concerning the problems discovered during the observation.

After arriving in the province, the deputation emphatically observed the province's situation in rebuilding large- and medium-sized enterprises, in agriculture, and in opening to the outside world. Deputy Zeng Xianxin said that through the observation he happily caught sight of the tremendous achievements scored by Heilongjiang since the commencement of reform and opening up. At the same time, he also talked about many unreasonable phenomena discovered during the observation. He pointed out: At Harbin Electrical and Machinery Plant, manpower has been in serious waste and workers' enthusiasm has not been mobilized. He suggested that some small auxiliary plants should be opened to produce small generators to meet the market demand. Deputy Wu Jianmin expressed hope that Heilongjiang's people would further enhance their sense of opening up and would make good preparations for upgrading the border trade strategy in order to build Heilongjiang into the transfer station of the Southeast Asian countries to the trade with the CIS.

Deputies also expressed their opinions on developing natural resources, tourism, the deep processing of agricultural products, and the in-depth reform of large and medium-sized enterprises. On behalf of the provincial party committee, the provincial People's Congress Standing Committee, and the provincial government, Sun Weiben, secretary of the provincial party committee and chairman of the provincial People's Congress Standing Committee, thanked deputies for their raising opinions and suggestions and expressed his will of solving the problems raised by deputies as quickly as possible. Also joining the talk were Ma Guoliang, Chen Yunlin, Wang Xianmin, Qi Guiyuan, and Du Xianzhong.

#### Liaoning Reports on Opening to Outside World

SK1409082193 Shenyang LIAONING RIBAO in Chinese 29 Aug 93 p 2

[Text] Yu Liren, director of the provincial foreign trade and economic cooperation department, gave a report on Liaoning's opening to the outside world to the third meeting of the Standing Committee of the eighth provincial people's congress on 20 July.

The report states: Liaoning's exports totaled \$6.17 billion in 1992, of which the exports of local products totaled \$3.91 billion, up 22 percent, or a net increase of \$700 million, from 1991. In 1992, the province gave approval to 2,223 projects on direct use of foreign capital, up 162 percent from 1991. Transactions of the contracts on these projects totaled \$4.388 billion, increasing by 317 percent; of which foreign capital totaled \$2.004 billion, increasing by 259 percent and exceeding the total of the previous 13 years. In the first half of this year, 1,467 foreign-funded enterprises of the three types opened business. They created 7.72 billion yuan in output value, 650 million yuan in profits and taxes, and \$410 million in foreign exchange through exports, up 81, 55, and 37.9 percent, respectively.



from the same period last year. Twenty-four contracts on use of foreign loans were signed in 1992, and the contracted amount of the loans totaled \$620 million, two times that of 1991. In the first half of this year, 16 such contracts were signed, and the contracted amount of the foreign loans was \$450 million. A total of 329 projects built with foreign loans were completed and commissioned, and the total amount of the foreign loans used was \$2.35 billion.

New improvement was achieved in technology imports and exports. Liaoning's technology imports totaled \$274 million in 1992, and it earned \$109 million from technology exports, up 19.2 percent from 1991. In the first half of this year, the province's technology exports totaled \$26.65 million, and 55 technology import contracts worth \$61.65 million were signed. New steps were made in contracting of projects abroad and labor service export. In 1992, the province signed 323 contracts on labor service abroad worth \$407 million and exported 20,230 person times of labor service, up 104, 121.7, and 45 percent, respectively from 1991. In the first half of this year, the province signed \$206 million worth of contracts on construction and labor service abroad, up 103 percent from the same period last year.

Construction of development zones witnessed substantial progress. As of now, more than 3,000 projects have been approved by the state or the province to enter the various types of development zones. Of the total, 725 are foreign-invested projects requiring a total investment of more than \$300 million. The completion of the Dalian Bonded Zone, establishment of foreign-funded banks, beginning of the construction of the Japanese Industrial Zone, and the agreements signed by Shenyang and Yingkou Development Zones and Taiwan, ROK, and Singaporean businessmen on development of large areas of land indicated that Liaoning's development zone construction had entered a new stage.

The investment climate was further improved. After the construction of infrastructural facilities during the Seventh Five-Year Plan period, the province again built a number of berths and small wharfs and developed roll-on ships; opened a flight route from Shenyang to Irkutsk; and built the Fuxin-Jinzhou and Chaoyang-Jinzhou highways to move more off-loaded goods out of the harbor, built 1,635 km of asphalt roads in rural areas, and increased the program-controlled telephone exchange capacity by 400,000 lines to make the province's total telephone exchange capacity exceed 1 million lines.

Speaking on major problems, Yu Liren said: First, our effort in emancipating the mind and updating ideas still lagged far behind that of advanced provinces and municipalities in both range and quality. We still had fears, waited for assistance, or felt satisfied with what we had achieved. Second, compared with some advanced localities, our development steps were not quick enough, and our growth rates were not high enough. Third, the situation in export was nothing we could feel optimistic about. Liaoning's exports declined in the first five months of this year. Although they began to pick up in June, the situation

will remain grim in the last few months of this year. Fourth, the intangible conditions for investment were not good enough, and the conspicuous problems were the low work efficiency and poor service.

Speaking on how to adopt measures to open wider to the outside world in the next step, Yu Liren said: First, focusing on upgrading Dalian city's opening to the outside world, we should make new strides in facilitating Liaoning's multi-directional and multi-layered opening to the outside world. We should establish as soon as possible a hinterland open zone centering on Shenyang and consisting of Anshan, Fushun, Benxi, Liaoyang, and Tieling. The development zones already approved by the state should be upgraded. The city-financed development zones and scientific and technological parks approved by the province should intensify improvement of their investment climate, draw in more investment, and develop more projects to increase their economic strength. Starting with strict management of land, the industrial zones and small commercial and trade zones developed by various localities themselves should intensify planning and develop township enterprises and the tertiary industry in line with specific local conditions so as to lay a good foundation for bringing in foreign capital. Second, we should adopt resolute measures to ensure fulfillment of this year's foreign exchange earning task.

We should conscientiously carry out the work of foreign trade enterprises of various types and straighten out the relationship between earning foreign exchange through exports and efficiency. We should encourage the foreign trade enterprises of various types to expand the exports of the processed goods whose materials and specifications are provided by foreign firms and should organize the various specialized foreign trade companies to develop new products for exports. We should actively develop export, import, and domestic sales on a commission basis, increase benefits, and expand exports. We should assign a certain number of personnel to develop barter trade. Third, focusing on old enterprises' renovation through "transplantation," we should achieve substantial progress in using foreign funds and introducing advanced technology and managerial expertise from abroad. In promoting old enterprises' renovation through "transplantation," we should concentrate on five tasks this year. 1) We should formulate the policies that support and encourage old enterprises to renovate themselves through "transplantation," solve well the problems of these enterprises, and boost their enthusiasm for renovation through "transplantation." 2) We should summarize some typical examples to serve as reference and guide to the policies for the renovation through "transplantation." 3) We should launch multifarious activities to invite investment. We should make sure that the task to renovate 150 large- and medium-sized enterprises through "transplantation" is fulfilled this year. 4) We should exert great efforts to attract large consortia, large corporations, and large transnational companies to make investment in our province and develop the high- and new-tech projects that can lead local economic development. 5) We should make the existing three types of



foreign-funded enterprises more successful, continue construction of the projects already approved, and increase enterprises' business-opening rate, foreign exchange-earning rate, and profit-tax rate. Fourth, focusing on opening up the world market, we should adopt large moves in developing foreign economic cooperation. While striving to consolidate the traditional markets in Europe, United States, Japan, Hong Kong, Macao, and Taiwan, we should actively open up the markets in the CIS, ROK, and Australia. We should develop applicable technology and export it particularly to developing countries. Through the technology export, we should promote the exports of labor service, products, and whole sets of equipment so that Liaoning's products will achieve a large share in the world market. Fifth, focusing on improving management and service, we should achieve notable results in improving the investment climate. Sixth, we should further strengthen ideological and political work and continue the good job in building a clean government.

### Northwest Region

#### Gansu Secretary Discusses Fighting Corruption

*HK1309112193 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 6 Sep 93*

[Text] The provincial party committee held a meeting yesterday afternoon in Lanzhou of persons responsible for the democratic parties, giving them an account of the arrangements made by the provincial party committee to implement the spirit of the CPC Central Committee on fighting corruption.

Yang Zhenjie, deputy secretary of the provincial party committee, presided over the meeting. Rao Fengzhu, standing committee member of the provincial party committee and secretary of the provincial discipline inspection committee, relayed the spirit of the Second Plenary Session of the Central Discipline Inspection Commission. Secretary Gu Jinchi gave a detailed explanation of the specific plans of the provincial party committee on fighting corruption and running a clean administration in the next few months.

Wang Lizhi of the China Democratic National Construction Association Gansu Branch, Zhang Yuan of the Chinese Peasants' and Workers' Democratic Party Gansu Branch, Ma Suannuo of the Revolutionary Committee of the Chinese Kuomintang Gansu Branch, Bao Qiuyang of the China Association for Promoting Democracy Gansu Branch, Qin Yin of the China Democratic League Gansu Branch, and others made suggestions and gave opinions on fighting corruption.

Gu Jinchi said: We hope that democratic party personnel will actively participate in the anticorruption struggle, expose problems, and help the provincial authorities do a good job in fighting corruption and running a clean administration.

#### Addresses Anticorruption Meeting

*HK1409110093 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 8 Sep 93*

[Text] The provincial CPC committee held a meeting of chief provincial and prefectural leading cadres in Lanzhou yesterday [8 September], making arrangements for the anticorruption campaign in the coming period. Rao Fengzhu, standing committee member of the provincial CPC committee and secretary of the provincial commission for discipline inspection, relayed the spirit of the second plenary session of the Central Commission for Discipline Inspection. Provincial Secretary Gu Jinchi delivered an important speech entitled: "Unswervingly Conduct the Anticorruption Campaign; Ensure and Promote Faster and Better Development of Reform and Opening Up."

Gu Jinchi said: The issue of combating corruption and promoting government honesty is one that attracts extensive attention within and outside the party and is a major political task facing the whole party. Therefore, it is necessary to integrate studying General Secretary Jiang's speech with restudying Comrade Deng Xiaoping's important exposition on correcting party conduct and fostering honest government conduct, and to try to understand the great guiding role they play in conducting the anticorruption campaign in the new era.

Gu Jinchi pointed out: It is necessary to concentrate at present on solving problems concerning the understanding of these issues: First, the relationship between the acceleration of economic development and the anticorruption campaign; second, the relationship between developing market economy and punishing corruption and promoting honesty; and, third, the relationship between the long-term nature of the anticorruption campaign and its immediacy and urgency.

Gu Jinchi said: The outstanding ideological problems found among cadres and the masses at present are predominantly lack of confidence and the mentality of trying not to offend anybody. It is necessary to overcome these problems in the course of study.

After enumerating various manifestations of corruption, Gu Jinchi emphasized: The current anticorruption campaign should be conducted by centering round three key points.

First, leadership organs and leading cadres should be regarded as a key point. They should make a good job of self-examination and self-correction according to the requirements on honesty and self-discipline.

Second, it is necessary to focus on punishing those who seek personal gain by abusing power, commit graft, or accept bribes, and to concentrate energies on a batch of big and important cases.

Third, by focusing on checking three tendencies, it is necessary to further redress unhealthy tendencies in trades and professions.

He said: The campaign against corruption is an important job for strengthening party building and the building of

political power and ensuring smooth progress of the reform, opening up, and economic construction. It is necessary to have the participation of the whole party, rely on the masses, carry it out in a guided and step-by-step way, and strictly execute the leadership responsibility system and uphold correct principles and methodology. By the end of this year, leading cadres in party and government organs should make obvious progress in fostering honesty and self-discipline; the unhealthy tendency of arbitrary imposing of fees by provincial organs and their subordinate units by abusing their powers should be basically terminated; the unhealthy tendency of traveling outside China for sightseeing at public expense should be ended; substantial results should be achieved in solving some key problems that carry the hallmarks of various trades; a batch of big and important cases should be investigated and wound up; and a batch of corrupt elements should be punished according to law.

Provincial leaders Li Ziqi, Lu Kejian, Sun Ying, Li Hulin, Shi Zongyuan, and Lu Hao; and old comrades Huang Luobin, Li Dengning, and Xu Feiqing attended the session. Attendance totaled 1,200, including some leaders of the provincial people's congress and the provincial committee of the Chinese People's Political Consultative Conference; chief leaders of prefectures, autonomous prefectures, cities, provincial organs, and all commissions, offices, departments, and bureaus; and cadres of some organs ranking at and above the provincial section level.

### Gansu's Lanzhou Executes Nine Criminals

HK1209082793 Lanzhou GANSU RIBAO in Chinese 25 Jul 93 p 1

[Report: "Nine Criminals Executed According to Law in Lanzhou"]

[Text] Lanzhou held a public meeting on 24 July to pronounce judgment and to announce the arrest of criminals. According to law, the Lanzhou Intermediate People's Court sentenced nine criminal offenders to death, while the public security organs announced the arrest of 32 drug traffickers.

Han Jun and Ma Fengqiang, deliberate murderers and robbers, intended to rob a family. At around 1100 on 19 November 1991, they carried knives to Zhang Lanfang's residence located at No. 11, Beiyuan, of Lanzhou's Chengguan district. Instead of knocking on the door, Han waited outside the door for the opportune moment to take action. When the two offenders saw Zhang Lanfang returning home at around 1600, Han applied tricks to lure Zhang to open the door. Then Han suddenly held Zhang's neck and Ma violently stabbed Zhang in the left arm and chest with his knife. After killing Zhang and stealing a gold ring, a gold necklace, 10,000 Taiwan dollars, and 100 yuan from the Zhang residence, they left the spot.

After the pronouncement, deliberate murderers and robbers Han Jun and Ma Fengqiang, robber Liu Tiande, robber and rapist Zhang Rui, deliberate murderer Hu Dekui, rapist Du Peng, robber Zhang Ruxin, and deliberate murderer Zhou Chunxiang were escorted to the

execution ground and executed. On the same day, Honggu district executed Wang Shengcheng for deliberately injuring others.

In the special struggle launched against drug trafficking, Lanzhou's public security organs cracked a number of drug trafficking cases. At the meeting, the public security organs announced the arrest of 32 drug traffickers, including Ma Jinxiang.

### World Food Program Helps Gansu Water Conservancy

OW1409162693 Beijing XINHUA in English 1457 GMT 14 Sep 93

[Text] Lanzhou, September 14 (XINHUA)—Gansu, one of the driest provinces in China, has made remarkable achievements in developing a water conservancy program, partly with the help of the World Food Program, over the past eleven years.

Since 1982, the World Food Program has provided the province with 272,400 tons of wheat, 2,869 tons of edible oils and 1,533 tons of other food, collectively valued at 61.18 million U.S. dollars.

The donations have been used in areas where six water conservancy projects have been built. Five of the projects have been completed.

Before 1982, each farmer in the poverty-stricken areas produced only 200 kg of grain annually and depended on government relief which included 10 million kg of grain a year.

For the past decade, local peasants have upgraded 24,600 hectares of farmland with the funds and seeds from the world organization. Since 1990, annual grain production in the areas has surpassed 100 million kg.

### Shaanxi Secretary Gives Instructions on Education

HK1409104993 Xian Shaanxi People's Radio Network in Mandarin 0010 GMT 8 Sep 93

[Text] [Passage indistinct] expressed their viewpoints on improving the quality of teachers and so on. Provincial Secretary Zhang Boxing listened to their speeches and made his speech afterward.

First, he extended highest regards and festive greetings to teachers. He said: In order to upgrade the educational undertaking in our province to new heights, it is necessary to further improve the whole society's understanding of the importance of education. Attention to education should not stay at the intellectual level only. More importantly, such understanding should be manifested in action. It is necessary to try by every possible means to increase input in education and, in particular, to place the strengthening of the building of the teacher contingent in a very important position, because teachers' competence determines the quality of education.

Zhang Boxing emphasized: Party committees and governments at various levels must put education on their agendas and make painstaking efforts to solve existing problems in education. While encouraging teachers to carry forward the spirit of dedication, it is necessary to do as many practical things as possible for teachers and make a point of solving the difficulties that teachers face in housing, salary, medical care, and children's employment. The provincial committee and government are concentrating on solving the following two problems: First, they are determined to clear salary arrears payable to primary and middle school teachers. All local authorities must pay off the salaries owed to teachers before the coming Teachers' Day. In the future, when setting financial budgets, governments at various levels may not leave insufficient funds for the expenditure on teachers' salaries. Second, they will continue to step up the construction of teachers' housing so that the broad ranks of teachers may live and work in contentment and make greater contributions to opening up a new prospect in our province's education.

The discussion session was chaired by Liu Ronggui, deputy secretary of the provincial CPC committee. Also present at the discussion were the following provincial leaders: Zhou Yaguang, Li Huanzheng, Shen Jin, and Fan Xiaomei.

#### **Shaanxi Discipline Inspection Commission Meets**

*HK1409124493 Xian Shaanxi People's Radio Network in Mandarin 0500 GMT 6 Sep 93*

[Excerpt] The second enlarged plenary session of the provincial commission for discipline inspection [PCDI] held a general meeting yesterday. At the meeting, Li Huanzheng, executive member of the provincial CPC committee and secretary of the PCDI, on behalf of the PCDI standing committee, made a speech entitled "Resolutely Implement Central Instructions, Carry Out Anticorruption Campaign in Greater Depth, and Ensure Smooth Progress of Reform, Opening Up, and Economic Construction in Our Province."

Li Huanzheng said in his speech: It is necessary to correctly understand the state of the anticorruption campaign and make prompt and effective efforts in combating corruption, regarding it as an important matter that concerns the survival of the party and the state. He pointed out: From 1989 to the first half of this year, the discipline inspection and supervision organs in our province listed over 35,400 cases and took party and economic disciplinary action against over 30,000 persons, among whom 44 were cadres ranking at the provincial department and bureau level and

over 540 cadres ranking at the county level or provincial section level; and recovered over 70 million yuan in economic losses. However, one must be soberly aware that this is only part of the corruption that has actually happened. We are facing a rather grim situation in terms of combating corruption. The campaign in this province should achieve the following goals before the end of this year:

First, leading cadres in party and government organs at and above the county level or provincial section level, especially those at and above the prefectural level or provincial department level, should show marked progress in honesty and self-discipline and continue to observe the disciplinary requirements set by the central authorities.

Second, such unhealthy tendencies as state organs and their subordinate units abusing their powers to impose fees arbitrarily and travelling abroad for sight-seeing at public expense should be basically ended. In the meantime, all departments and professions in state organs should make marked achievements in solving outstanding unhealthy tendencies in their respective fields.

Third, a batch of big and important cases should be investigated, handled, and publicized, and a batch of corrupt elements be punished according to law and discipline. [passage omitted]

#### **Xinjiang Reports Oil, Gas Field Discoveries**

*OW1209134993 Beijing XINHUA in English 1315 GMT 12 Sep 93*

[Text] Urumqi, September 12 (XINHUA)—Fourteen oil and gas fields, covering more than 800 sq km, have been found in the Jungar Basin of the Xinjiang Uygur Autonomous Region in northwest China.

Jungar is the second largest basin in the country and geological data show that sedimentary rock, which is helpful for finding oil deposits, are discovered in an area of 130,000 sq km in the basin.

According to Chinese and foreign experts involved in the search, oil reserves in the basin is expected to amount to several billion tons.

Currently, nine oilfields have been or are being constructed in the basin, with a yearly production capacity of 8 million tons.

The finding of new oilfields has fueled the oil production in the autonomous region, one of the oldest oil producers in China. This year, Xinjiang is expected to turn out 7.8 million tons of oil.

### Reaction to Swedish Issuance of Visas in Taipei

HK1409051393 Hong Kong AFP in English 0423 GMT  
14 Sept 93

[Text] Beijing, Sept 14 (AFP)—China said Tuesday [14 September] it was concerned about the Swedish decision to allow its trade representative office in Taiwan to issue visitors' visas even though it has no diplomatic ties with Taipei. Reports from Taipei said the office will be allowed to issue the visas without having to pass through the consulate in Hong Kong as before.

"Issuing visas is an official function of a sovereign state. The relations between Taiwan and countries with diplomatic ties with China can only be of non-governmental nature and their institutions set in Taiwan can only conduct non-government economic and trade affairs," a Foreign Ministry spokesman said. "We express our concern over this piece of news," she added.

Other countries with diplomatic ties with Beijing do not issue visas in Taiwan. Applications are collected by their various trade offices then usually passed on to consulates in Hong Kong for processing. China considers Taiwan to be a breakaway province after the Nationalist government fled there in 1949 after losing a civil to the communists on the mainland.

### CPC Leaders Study KMT Congress, Trends

HK1109080593 Hong Kong CHENG MING in Chinese  
No 191, 1 Sep 93 pp 24-25

[Article by Chin Kang (4440 0474): "Higher Echelons of CPC Leadership Study Kuomintang Trends"]

#### [Text] CPC Military Paid Unusual Attention to the Taiwan Situation

When the other side of the straits was preparing for the opening of the 14th national congress, nerves on this side of the straits also were stretched. The busiest people were the two directors surnamed Wang: the first was Wang Ruilin, director of Deng Xiaoping's office, and the other was Wang Zhaoguo, director of the CPC Central Office for Taiwan Affairs. Entrusted by the CPC Central Secretariat, they held an important forum in Beidaihe on the subject of the "Taiwan Kuomintang [KMT] Trend." Obviously, the forum targeted the 14th KMT National Congress.

This closed-door forum was held from 30 July to 6 August, and was attended by the CPC Central Office for Taiwan Policy Research, the Office for Taiwan Policy Research under the State Council, the Office for Taiwan Policy Research under the CPC Central Military Commission, the Office for Taiwan Strategy Research under the Ministry of National Defense, and the Taiwan Intelligence Research Bureau under the General Staff Headquarters.

Although the forum was held by the CPC Central Secretariat, it was, in fact, strongly supported by the military. Liu Huaqing, Zhang Zhen, Zhang Wannian, Chi Haotian, Ding Guangun, Wen Jiabao, Yang Dezhi, Qin Jiwei, Yang Shangkun, Xiao Ke, and other high-ranking party, government, and Army officials attended the meeting and

took part in the discussions. As almost all of the military leaders "turned out in full strength," we can see that the CPC military is unusually concerned with the Taiwan situation.

As a matter of fact, this high-level forum shows that the CPC has a feeling of "disorder" in confronting the changing Taiwan situation. The past Taiwan policy of "resting on one's laurels" seems to be feeble under the new situation, and so reassessment and formulation of the Taiwan policy has become an urgent task.

What worries the CPC leadership more is that Taiwan has made a considerable breakthrough in creating public opinion for its readmission to the United Nations, implementing flexible diplomacy, and purchasing weapons. Moreover, with the KMT's internal division and the establishment of the New Party, they and the Democratic Progressive Party [DPP] are the three dominant forces in Taiwan. It is still uncertain to say who will emerge victorious at last, and there are many variables to determine whether or not the KMT will lose power amid congressional struggles. It is very clear, however, that the development of the Taiwan situation is increasingly unfavorable to unification achieved by the CPC. It seems that in the foreseeable future, the CPC will not be able to try whatever it has devised against the Taiwan authorities, and the latter will not engage in talks obediently. In the eyes of the CPC, all these are "political challenges" posed by Taiwan.

### Liu Huaqing Regards Taiwan Independence as Declaration of Political War at Present

We can see from the remarks at the forum by Liu Huaqing, vice chairman of the CPC Central Military Commission, that the higher echelon of the CPC military leadership is sensitive to the Taiwan situation. Liu Huaqing said: "Taiwan is raising the issue of being a so-called political entity, and is claiming to return to international organizations and the United Nations. Moreover, it is vigorously developing its Navy and Air Force, and is purchasing and introducing nondefensive naval and air weapons from the United States and Western Europe. Strategically speaking, under the circumstances of persistently upholding the current situation, Taiwan is utilizing its economic and foreign exchange strength to open up international space and to implement the so-called policy of 'flexible diplomacy' so as to fulfill the goals of readmission to the United Nations and create one China, one Taiwan, or Taiwan independence. This is a declaration of political war with which we are confronted! The situation may become clearer and turn white hot in the coming two or three years. We must have the initiative firmly in our own hands with regard to our fundamental principle and policy toward Taiwan. Under whatever changing circumstances, we must utilize our military strength to crush any attempt to achieve Taiwan independence and one China, one Taiwan, including foreign intervention."

Liu Huaqing's suggestion of "armed attack against Taiwan" was merely the same old tune, but two points in his speech were worth noticing: First, he predicted that the situation "may become clearer and turn white hot in the



coming two or three years," and, second, he claimed to "have the initiative firmly in our own hands with regard to our principle and policy toward Taiwan."

#### **Zhang Wannian Made Known to Li Teng-hui the CPC's "Solemn and Just Stand"**

Zhang Wannian was even more straightforward. At the meeting, he mentioned for the first time putting the work of "liberating Taiwan" on the agenda of the military commission.

Zhang Wannian said: "There are two options to solve the problem of our motherland's unification. The first is through peaceful means. The work must proceed under the general principle and prerequisite of one China, and we must pay attention to the current system and lifestyle in Taiwan, as well as stress the overall and long-term interests of the Chinese nation. The other option is to solve the problem through military means. Now there are only these two options open to Li Teng-hui and the KMT—no third way out!"

Zhang Wannian's wording became increasingly vehement. He said: "The so-called expansion of international living space and flexible diplomacy merely intend to clear the way for breaking up China, creating 'Taiwan independence' and 'one China, one Taiwan.' However, no foreign force can help Li Teng-hui realize his dream of 'Taiwan independence.' We can never declare that we give up military means to liberate Taiwan. Moreover, we must make our solemn and just stand known to Li Teng-hui and the forces advocating 'Taiwan independence,' as well as to foreign interventionists."

What is the meaning of a "solemn and just stand?" Zhang Wannian said: "The People's Liberation Army [PLA] is fully prepared at all times to crush, under the guidance of the party Central Committee, all attempts at realizing 'Taiwan independence' and 'one China, one Taiwan' and to complete the great cause of national unification. At present, the situation across the straits is relaxed, but it is only a facade. Li Teng-hui is making all-out efforts to plot 'Taiwan independence.' We must put the struggle to liberate Taiwan on the agenda of the Central Military Commission."

#### **The Message Delivered by the Papers of the Forum**

The forum claimed to be a meeting to discuss future KMT trends, but as a matter of fact, this was a meeting to denounce "Taiwan independence"; the topics of the five reports read out at the meeting further illustrate this point. The five reports were: "Political Entity," "Return to the United Nations," and "Taiwan Independence"—Three in One," presented by the CPC Central Office for Taiwan Policy Research; "The KMT's Internal Division and the Development Trend of 'Taiwan Independence,'" presented by the Office for Taiwan Policy Research under the State Council; "The Three Goals of Taiwan's Purchasing of Weapons From the United States and Western Europe," presented by the Office for Taiwan Policy Research under the CPC Central Military Commission; "The Strength, Development, and Strategy of Taiwan's Navy, Army, and

Air Force," presented by the Office for Taiwan Strategy Research under the Ministry of National Defense; and "Taiwan's Tentative Idea of Our Application of Military Means To Crush and Dispose of 'Taiwan Independence,'" presented by the Taiwan Intelligence Research Bureau under the General Staff Headquarters.

In addition, a great many written reports were even more "impassioned," and a mere look at the topics can help us get a rough outline of the CPC's policy toward Taiwan. For example: "Li Teng-hui Follows in Japan's Footsteps of Corrupt Politics," "The PLA Should Treat the Liberation of Taiwan as a Central Task," "The Effects of Taiwan's Development Trend on the Unification of the Chinese Nation," "Strengthening Exchanges and Contacts With Parties and Groups in Taiwan Which Insist on a One China Stand," "Early Settlement of the National Unification Issue Favorable to the Interests of the Whole Nation," "Cherishing No Illusions and Expectations of Li Teng-hui's Current Line and Principle," "An Assessment of Changes in Taiwan's Political Situation After the 14th KMT National Congress," "The Hopes Placed on the United States and Japan by Li Teng-hui and the DPP, and the Relationship Between Li and the DPP," "The Uniformity Between Li Teng-hui's KMT and the DPP in Advocating 'Taiwan Independence' and 'One China, One Taiwan,'" and "The Effects on Various Circles in Taiwan of Using Military Means To Settle the National Unification Issue," and so on.

Here, the CPC even took into consideration the effects on Taiwan when using military means to liberate the island, which shows the urgency felt by the CPC on the unification issue.

We can see from the 14th KMT National Congress that the myth of a "100-year-old shop" has been shattered. Will it be the case that the CPC will "liberate" Taiwan when the KMT ceases to be a ruling party?

#### **Scholar Discusses 'Taiwan Independence Forces'**

HK1309142693 Beijing XINHUA Domestic Service in Chinese 0309 GMT 10 Sep 93

[By reporter Liu Shizhong (0491 0670 1813) ]

[Text] Beijing, 10 Sep (XINHUA)—Interviewed by reporters, Jiang Dianmin, director of the Institute of Taiwan Studies of the Chinese Academy of Social Sciences, said that since "Taiwan independence" forces are expanding day by day and the Taiwanese authorities are advocating a "return to the United Nations," the white paper entitled "The Taiwan Issue and China's Reunification" expounds the principled stand of the Chinese Government on this issue with irrefutable historical facts and on the basis of the UN Charter and the principles of international law. It is not only helpful in clarifying matters to the public, but also conducive to reaching a common understanding among the people throughout the country, including our compatriots in Taiwan.

He said: Territorial integrity and national sovereignty are basic major factors of a country, and it is a sacred and

inviolable right of every country to safeguard them. On the issue of Taiwan's return to the motherland, which was originally an issue without any doubts, some problems have occurred. The reason is that some forces abroad do not wish to see China's reunification, and some "Taiwan independence" elements at home are trying to separate Taiwan from China.

According to Jiang Dianmin's analysis, while the "Taiwan independence" elements are advocating "Taiwan independence" and "one China, one Taiwan," some Taiwan authorities are also advocating "one China, one Taiwan" and "one country, two governments." As these propositions do not enjoy popular support both within and outside the country, the Taiwan authorities have been advocating a "return to the United Nations" lately, in an attempt to form two "reciprocal political entities" on both sides of the strait. Although the phrasing is different, the purpose is the same; that is, to negate China's territorial integrity and sovereignty and separate Taiwan from China.

Jiang Dianmin continued: People will not forget that the Taiwan authorities have taken two entirely different attitudes toward national sovereignty and territorial integrity before and after Taiwan was driven out of the United Nations. This reckless attitude or practice in dealing with matters concerning China's territorial integrity and sovereignty was out of the private interests of a party, which the Chinese people will never allow. The issuance of the white paper reflects the stand of the Chinese Government on the Taiwan issue; that is, the real interests of the Taiwan people are respected, but on questions concerning national sovereignty and territorial integrity, there is no room for compromise.

### Mainland Runners Arrive in Taipei for Race

OW1009141193 Beijing XINHUA in English 1346  
GMT 10 Sep 93

[Text] Taipei, September 10 (XINHUA)—Runners from China's mainland arrived here Friday [10 September] afternoon from Hong Kong for a 13-day Taipei-Beijing run by runners from both sides of the Taiwan Strait.

In a press conference at the Taipei International Airport for the arrival of the mainland delegation, Chi Cheng, head of the Taiwan delegation and director of the Council of the Chinese Taipei Athletics Association, and Lu Jindong, head of the mainland delegation and vice-president of the All-China Sports Federation, spoke for the success of the run.

We had a similar run last year, but the runners from the mainland started their race from Shanghai, Chi said. Now our dream has come true since the mainland runners have joined us for the start here of this year's run. This is an exchange of feelings by the peoples on the two sides.

"All Chinese the worldwide are supporting Beijing in its bid to host the 2000 Olympic Games. It'll be a very pleasant thing if Beijing succeeds," Chi added.

It is a progress in the bilateral exchange by both sides to have the mainland runners in Taiwan for the event, Lu said. A success of the run will promote the friendship and understanding between the peoples on the two sides.

The race, entitled "Race for the Health of the Chinese People," begins here on Sunday. 12 runners from each side will run sections in Taipei, Taichung and Kaohsiung September 12-15. The delegations will then fly over to Shanghai via Hong Kong.

The mainland section of the run will start from Shanghai on September 17, and then continue in Harbin, northeast China, before the runners arrive in the destination of Beijing on September 26.

**Team Leaves To Promote UN Membership Bid***OW1509090593 Taipei CNA in English 0808 GMT 15 Sep 93*

[By Debbie Kuo]

[Text] Taipei, Sept. 15 (CNA)—A four-member task force from the Ministry of Foreign Affairs is leaving Taipei Wednesday [15 September] for New York to promote the Republic of China [ROC]'s bid to re-enter the United Nations.

The Foreign Ministry mission includes Bernard T.K. Joei, former ROC ambassador to the Ivory Coast and Lo Loon, Francias Li, and Roberto Chen, ROC representatives to Russia, Australia, and Uruguay respectively.

President Li Teng-hui said in July that it was unjust and unfair for Taiwan to be denied UN membership given the fact Taiwan has a strong economy, a large population and is the 14th largest trader in the world.

To promote its UN bid, the ROC Government initiated a series of promotional campaigns which started in September, only days before the 48th United Nations General Assembly convenes in New York on Sept. 21.

Jason Hu, director-general of the Government Information Office and ROC Government spokesman, arrived in New York Monday to lobby for the bid.

Hu met with publishers and leading journalists from TIME and NEWSWEEK Tuesday for discussion of the ROC's aspirations and its policy toward membership in the UN.

Another group, comprised of opposition legislators from the Democratic Progressive Party, arrived in Washington, D.C. Sunday to seek support from the US Congress.

Members of the group, including legislator Parris Chang, Hsieh Chang-ting and Lu Hsiu-lien, will continue their lobby in New York after Oct. 19.

The newly-established Nationwide Action Committee has also decided to send a 23-member mission to New York soon to lobby for Taiwan.

The mission will be led by Legislative Yuan Speaker and Committee Chairman Liu Sung-fan, and will include three ROC notables, including C.F. Koo, chairman of the Chinese National Association of Industry and Commerce, Jeanne Li, KMT deputy secretary-general, and DPP Legislator Yao Chia-wen.

Last month, the ROC won support from seven of its 29 allies who wrote to the UN Secretariat asking them to place a discussion of Taiwan's membership bid on the agenda for the UN General Assembly.

**Japanese Cultural Group Supports UN Bid***OW1409142593 Taipei CNA in English 1407 GMT 14 Sep 93*

[Text] Taipei, Sept. 14 (CNA)—The president of the Japan-China Cultural Association gave his organization's support to the ROC's [Republic of China] bid to join the United Nations Tuesday [14 September].

Seiichi Uno made the remarks while meeting with ROC President Li Teng-hui at the presidential office.

The association is not officially linked with the Japanese Government, which is undecided on the ROC's bid.

Uno also sang his praises for what Li has done in political democratization and easing tensions across the Taiwan Strait.

**Singapore Prime Minister Visits Li Teng-hui***OW1409143593 Taipei CNA in English 1419 GMT 14 Sep 93*

[By Bear Lee]

[Text] Taipei, Sept. 14 (CNA)—Singapore Prime Minister Goh Chok Tong Tuesday [14 September] paid a courtesy call on President Li Teng-hui at the presidential office.

Goh arrived here Monday for a five-day holiday. He is being accompanied by his Foreign Minister Wong Kan Seng and Minister of State for Information and the Arts Ker Sin Tze [name as received].

This is Goh's first visit to Taiwan since he assumed the Singaporean premiership two years ago.

In the morning, Goh enjoyed a round of golf with Vice Premier Hsu Li-te and other ranking ROC [Republic of China] officials at a suburban Taipei country club.

**Education Minister Visits France, Discusses Ties***OW1309084093 Taipei CNA in English 0816 GMT 13 Sep 93*

[By Tzou Ming-Chih and Danielle Yang]

[Text] Paris, Sept. 12 (CNA)—Education Minister Kuo Wei-fan Sunday [12 September] said promotion of international cultural and educational exchanges is the best way to upgrade the Republic of China [ROC]'s international status. Kuo made the remarks at the conclusion of his four-day visit to France.

He encouraged ROC educational staff stationed in Europe to promote increased cultural and educational cooperation between the ROC and Europe after he returned to Taiwan.

In addition, Kuo said his ministry would begin to emphasize the promotion of international friendship through increased cultural and arts interflow with foreign countries, rather than just taking care of students from Taiwan studying overseas.

Kuo added he would establish a task force after returning to Taiwan to study the problem of mutual diploma recognition which plagues Taiwan students in Europe.

Before arriving in Paris last Wednesday, Kuo and his traveling partner Shen Hsueh-yung, chairwoman of the council for economic planning and development, visited Prague to discuss bilateral academic exchanges. Their European visit will also take them to Germany.

### Mexican Journalist Interviews President Li

OW1409143993 Taipei CNA in English 1424 GMT 14 Sep 93

[By Bear Lee]

[Text] Taipei, Sept. 14 (CNA)—President Li Teng-hui has pledged to build the Republic of China [ROC] on Taiwan into a society in which the free will of the people is fully respected.

"I also hope to spread the successful development experience of Taiwan to the Chinese Mainland, allowing all our compatriots to share with us this fruit," President Li said in an interview with Mexican journalist Mario Vazquez on Aug. 29.

Vazquez interviewed Li as part of his "Dialogue With History" series, which regularly appears in 50 Mexican newspapers. The interview with Li was published Monday [13 September] and Tuesday in the papers. Li is among the some 90 world leaders interviewed by Vazquez.

Li told Vazquez the ROC's democratization process would not be complete until next year, when the National Assembly revises the constitution to finalize the way in which the president is elected.

He said other challenges include how to upgrade Taiwan's industrial level and maintain economic growth, and how to promote "pragmatic foreign offensives" to pave the way for the nation's joining the United Nations and other international organizations.

President Li told Vazquez that China will eventually be unified, but that the time was not yet right for this to occur.

He said Beijing's policy of "one country, two systems," is unrealistic because China is now divided and neither Taipei nor Beijing has been able to put the other side under its rule.

Li also lauded the political and economical achievements that Mexico has made in recent years, and expressed the hope that ROC-Mexico relations will improve in the future.

### Taipei Sends Envoy to St Kitts, Nevis

OW1109111893 Taipei CNA in English 0804 GMT 11 Sep 93

[By Y.C. Tsai]

[Text] Taipei, Sept. 11 (CNA)—Sun Ming-hsien, chairman of the Council of Agriculture (COA), left for Saint Christopher Saturday [11 September] as the Republic of China [ROC]'s special envoy to celebrations marking the 10th independence anniversary of the Caribbean country.

Celebration activities will be held on the two islands of St. Kitts and Nevis Sept. 17-20.

ROC Ambassador to St. Christopher Lin Tsun-hsien was appointed deputy special envoy.

Sun, accompanied by his wife, COA Counselor Lin Yi-hsiang, and Lin Sung-huan, an official with the Ministry of Foreign Affairs, is scheduled to return to Taipei Sept. 22.

### State Hopes To Make Users Pay for Pollution

OW1409142493 Taipei CNA in English 1357 GMT 14 Sep 93

[By Debbie Kuo]

[Text] Taipei, Sept. 14 (CNA)—The Environmental Protection Administration (EPA) said Tuesday [14 September] that a regulation requiring the public to pay for discharging dirty water and discarding used cars should be enacted early next year.

The EPA said all water users, including businesses, factories and households, would have to pay for releasing dirty water.

The regulation stipulates that any discharged water spoiled beyond a certain percentage will be subject to a fee, an EPA official said.

It is estimated that some NT\$17.5 billion (new Taiwan) (US\$650 million) will be collected annually from used water fees based on a per capita charge of NT\$875 (US\$32.4) a year, the official said.

The money, to be managed as a public fund, will be used for water pollution prevention and the building of sewage processing facilities.

Also starting early next year, car dealers will have to pay NT\$3,300 (US\$122) for each new car sold to contribute to the management of discarded cars, the EPA said.

Motorcycle dealers will have to pay NT\$856 (US\$31.7) for each new motorcycle sold for the same purpose.



## Hong Kong

### Jiang Zemin Receives Territorial Entrepreneurs

OW1109113393 Beijing XINHUA in English 1106  
GMT 11 Sep 93

[Text] Beijing, September 11 (XINHUA)—Chinese President Jiang Zemin had a cordial talk with C.H. Tung, chairman of the Orient Overseas (International) Ltd. of Hong Kong, and his party here this afternoon.

Jiang extended a warm welcome to Tung, who is also chairman of the Beijing Orient Plaza Ltd. Tung attended a stone-laying ceremony for the plaza here this morning.

The Beijing Orient Plaza, covering an area of 10,000 square meters, is a joint investment between the Dongcheng District of Beijing and the Huixian Investment Ltd. of Hong Kong.

With an investment of 200 million U.S. dollars, the plaza will be a multi-functional facility including a shopping center, restaurants and places of entertainment and recreation. It is scheduled to be completed at the end of 1996.

Jiang said: "The project has a good beginning. It is our hope that the two sides will continue their persistent efforts so as to finish the work as early as possible."

Attending today's meeting were Chen Xitong, member of the Political Bureau of the Central Committee of the Communist Party of China and secretary of the Beijing municipal party committee. Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council, and Li Qiyao, mayor of Beijing.

Tung and his party arrived here on Friday [10 September] at the invitation of the Beijing municipal people's government.

### Beijing Official Discusses Territory's Economy

HK1409084593 Hong Kong TA KUNG PAO in Chinese  
14 Sep 93 p 2

["Special dispatch" by staff reporter Ma Ling (7456 3781): "Wang Qiren Stresses That Beijing Hopes Sino-British Talks Will Achieve Positive Results and That Even If No Progress Is Made, Hong Kong's Prosperity Can Still Be Maintained"]

[Text] Beijing, 13 Sep (TA KUNG PAO)—Today, Wang Qiren, deputy director of the State Council's Hong Kong and Macao Affairs Office, gave his views on some sensitive economic issues that Hong Kong people are deeply concerned about, saying: Even if no breakthrough progress is made in the Sino-British talks, Hong Kong's economy beyond 1997 will still continue to prosper and develop; after 1997, Hong Kong businessmen will still be treated as external businessmen as they are at present and this policy will not change because it is related to the principle of "one country, two systems"; the new airport will be taken as the "locomotive project" for Hong Kong's economy, and this is not an isolated issue, so it is necessary to solve this issue as soon as possible on the basis of the Memorandum of

Understanding [MOU]; Hong Kong will continue to have a plural capital structure as it has now, and it is impossible for any side to hold a monopoly position in the capital structure; it can now be foreseen that Hong Kong's position as a financial center will not be replaced by Shanghai in the future because there are differences in information, networking, and systems between Hong Kong and Shanghai; and although Hong Kong's inflation rate is now around 8 percent, it is hoped that the British Hong Kong authorities will adopt more effective measures to curb inflation. After 1997, the banks in Hong Kong will continue to operate independently and they will not be controlled by the state bank or by any other state departments.

Wang Qiren explained these points when meeting with an 11-member delegation from the Hong Kong Economics Society headed by Professor Kwok Yik-yiu, dean of the Social Sciences Faculty of Ling Nam College, with Mr Lo Cheung-kuok, vice president of the Hong Kong Economics Society and director of the Research Department of Namwa Securities, as deputy head of the delegation.

Wang Qiren described the meeting as a "forum," meaning that the two sides could exchange opinions on Hong Kong's present and future economic issues.

Professor Kwok Yik-yiu, as head of the delegation, was the first to speak. Then, other delegation members also spoke and asked Deputy Director Wang Qiren and First Department Director Chen Zuoyi a range of questions in which many people were interested. They asked: If the Sino-British talks fail to achieve any result, will the Hong Kong economy be affected? How will Beijing react and what countermeasures will it take if it is forced to make a choice between the political interests and the economic interests? Will Shanghai's status as a financial center in the future replace Hong Kong? What relationship will there be between the mainland's state bank and the banks in Hong Kong after 1997? Will China's state-owned institutions make large-scale inroads into Hong Kong and control Hong Kong's economy after 1997? What is the economic growth rate China expects to achieve next year?

As for the impact of the Sino-British talks, Wang Qiren said: It is not only yourselves who are deeply concerned about the economic issues in the late transitional period and the post-1997 period. I am also deeply concerned about such issues and we share the same feelings. I ardently hope that the talks between China and the UK will properly solve the relevant issues in a friendly way as soon as possible. The Chinese side is full of sincerity but some issues do not completely depend on the wishes of one side. The 11th round of talks has ended. We cannot say that no progress has been made but it seems that no major breakthrough has been made yet. Although the talks on the 1994 and 1995 election arrangements are now still unsatisfactory, I believe that tomorrow's meeting of the Sino-British Joint Liaison Group will make certain progress. Even if a situation which we are not willing to see appears in the talks, the proper handling of the economic issues during the next three years will still be of great importance. The economy is the foundation for everything and this point is accepted by all sides. "One country, two systems"

is not only a political concept, it also covers the economic issue. First, Hong Kong's economic issue is related to the principle of "one country, two systems" and, second, its legal foundation is the Basic Law. I can say seriously and responsibly that this is what will be done after 1997; otherwise, everything will fall through. Even if no breakthrough type of progress is made in the Sino-British talks, Hong Kong's economy will still continue to prosper and develop.

Regarding the relationship between China's state bank and the banks in Hong Kong, Wang Qiren said: Hong Kong's monetary authority and note-issuing banks are not subordinate or affiliated to China's state bank in administrative terms. As applied to the monetary field, "one country, two systems" means that Hong Kong's monetary prices [jin rong jia ge 6855 5816 0116 2706] should operate according to their own regularity. The banks in Hong Kong are operating perfectly according to their special procedures. The central bank and various central departments of China will not manage or directly control any institutions in Hong Kong. As the Basic Law specifies, with the exception of foreign and defense affairs, Hong Kong exercises a high degree of self-government in other fields. Hong Kong has a very rich treasury, and the central government will not take even one penny from Hong Kong.

As for the issue of Hong Kong's new airport, Wang Qiren said: I believe and hope that the new airport's destiny will not be completely decided by the results of the talks on the political structure. We are holding talks according to the MOU on the issue of the new airport signed by China and the UK in September 1991, and I believe that talks will restart soon. I hope that this issue will be properly solved according to the spirit of the MOU with the attitude of being responsible to Hong Kong people, to the Chinese people, and to history. The issue of Hong Kong's new airport is not an isolated issue. It not only has a bearing on Hong Kong's future development but will also influence and promote the Hong Kong economy in other aspects. The new airport construction project can be regarded as a "locomotive project" in Hong Kong's economy.

As for the issue of forecasting China's economic growth rate next year, Professor Lo Cheung-kuok said that some economists in Singapore predicted a growth rate of 6.5 percent, and Wang Qiren said that such a forecast was too pessimistic. Although the Chinese economy is undergoing macroscopic regulation and control, there is no across-the-board retrenchment. According to his more-than-20-year work experience in economic analysis, he was still rather optimistic.

As for the possibility of large-scale investment made by China's state-owned institutions in Hong Kong, Wang Qiren said: Some people were worried about some problems at a deeper level. That is, China's state-owned institutions may seek large-scale development in Hong Kong and stretch out their tentacles to every corner in the manner of trying to dominate the whole economy. You should be free from such concern. At present and in the future, it is certain that Hong Kong will always be a society with a plural capital structure and can only be a society

with a plural capital structure. After 1997, it will be impossible for Chinese capital to dominate everything and squeeze out other investors. At present, the development of the China-owned institutions in Hong Kong must meet two requirements: First, serving Hong Kong's prosperity and development and, second, serving the mainland's construction.

### Journalist Discusses 1997 Troop Deployment

HK1509092493 Hong Kong CHING PAO in Chinese  
No 6, 5 Sep 93 pp 14, 15

[Article by staff reporter: "Lo So (5012 2747) on Hot Issues Concerning the 1997 Deployment of Troops in Hong Kong"—first paragraph is editor's note]

[Text] Editor's Note: CHING PAO carried Mr. Lo So's articles entitled "The CPC Is Discussing a Plan To Garrison Hong Kong in 1997" and "The Origin and Development of Policy Decisions on PLA Garrisoning Hong Kong" in its May and August issues. Their information was so accurate, their materials were so rich, and their discussions were so reasonable that they have evoked widespread repercussions at home and abroad, and many readers raised quite a few related questions to Mr. Lo So for advice. For this reason, this reporter recently specially interviewed Mr. Lo So and asked him to answer the several questions of common concern to the readers. After making some rearrangements, this reporter offered the interview to the readers.

### The Troops To Be Stationed in Hong Kong Probably Will Be a Garrison Division

[CHING PAO] Hong Kong people are relatively interested in knowing the number of troops the People's Liberation Army [PLA] will dispatch to Hong Kong after 1997. In your article published in the May issue of CHING PAO, you said that the PLA would dispatch a division. What are your views now?

[Lo] Xu Huizi, PLA deputy chief of the General Staff and member of the Preliminary Work Committee of the Preparatory Committee of the Hong Kong Special Administrative Region, has answered the question. To put it another way, the number of garrison forces will depend on the international situation in 1997. Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council, also said: Now many issues have not been settled. Moreover, Chen Ziyang, deputy director of the Hong Kong and Macao Affairs Office, stated: The number of PLA troops garrisoning Hong Kong will be smaller than that in the years of British rule. I am convinced that the situation will be so on the whole, and it is identical with my earlier views.

In my article, I stated that the PLA would dispatch a division to garrison Hong Kong, but I did not mention any specific figure. In quoting my article, Hong Kong's English-language SOUTH CHINA MORNING POST and WAH KIU YAT PO interpreted "a division" as "more than 10,000 personnel" and later on, other mass media incorrectly relayed the erroneous message. As far as I

know, a PLA division is divided into two categories, namely Division A and Division B. The former has about 10,000 personnel in its establishment and the latter has about 7,000 personnel. Generally speaking, divisions under the command of a group army, in particular, the armored division, belong to the category of Division A, and garrison divisions generally come under the category of Division B. Unless Hong Kong faces enemy intrusion in 1997, the PLA will not dispatch an armored division to Hong Kong, I believe. Where will the numerous tanks and cannons be located? In relative peacetime, like other coastal cities, such as Shanghai and Tianjin, a garrison division will be stationed in Hong Kong. Moreover, it probably will be a division at a higher level, namely, the army level, because it will be under the direct command of the Central Military Commission.

[CHING PAO] Deng Xiaoping said: It is enough to dispatch 3,000 to 5,000 troops to garrison Hong Kong. What is your comment on this?

[Lo] I have discussed the remark on the issue in my article, which was carried in the August issue of CHING PAO. It was an impromptu remark made by Deng Xiaoping in response to questions raised by a deputy to the National People's Congress from the Hong Kong area. I do not think that this is the final decision on the number of troops to be stationed in Hong Kong. However, Deng Xiaoping put forth a principle, that is, there is every reason that the number of PLA troops will be lower than that of British troops under British rule. Now there are around 8,000-9,000 British troops stationed in Hong Kong. Of course, the number includes nonmilitary personnel recruited in Hong Kong.

According to my estimate, when the PLA stations troops in Hong Kong, it will not recruit personnel locally, partly because, unlike the UK, which is separated from Hong Kong by vast oceans, the PLA is very close to its own personnel on the mainland and partly because such recruitment does not pay from the viewpoint of military spending. By then the logistic services of the garrison troops, including supply, communications, and medical treatment, will be entirely undertaken by the PLA itself (including some of its nonmilitary personnel).

Currently, one argument holds that a gradual British troop pullout represents a "challenge" to the stationing of PLA troops in Hong Kong in 1997. The argument is entirely groundless. I think that it is the specious argument of some people who oppose the stationing of PLA troops in Hong Kong. As the year 1997 approaches, the number of British troops will become smaller and, at last, the number may be reduced to just one battalion. Can we then say that the number of PLA troops in Hong Kong can be just under one battalion?

Another view holds that the Chinese side should tell people the number of troops to be stationed in Hong Kong in the future as soon as possible. Those who made such a demand may bear no ill will, but they have revealed their discriminatory mentality toward the stationing of PLA troops in Hong Kong. Troops are stationed in many localities on the

mainland. However, we have never heard that the military should tell local people the number of troops to be stationed and ask them if they agree to it. People on the mainland have a sense of national defense and all the more know it is a military secret. It is understandable that Hong Kong people do not have such knowledge.

#### **Relations Between the Garrison and Hong Kong People Can Be Properly Handled**

[CHING PAO] Some organizations and individuals in Hong Kong offered suggestions concerning the future special administrative region's garrison. Do you think that the Chinese side will adopt the suggestions?

[Lo] As far as I know, the policymakers of the Chinese side including the military have all placed great stress on soliciting the opinions and suggestions of Hong Kong people. Nevertheless, I want to pour some cold water. As I see it, Hong Kong people should not too frequently make an issue of such matters concerning national defense behavior as the number of garrison troops and deployment locations. The Basic Law has stipulated that the central government will be directly responsible for the defense of the future special administrative region. Even the government of the special administrative region including the region's judicial departments does not have the power to administer the garrison's national defense behavior. The Chinese side will make appropriate arrangements for its own territory in accordance with actual needs and by giving consideration to Hong Kong's economic development.

I am convinced that the Chinese side will actively adopt the good suggestions offered by the Hong Kong people on how to handle the relations between the garrison on the one hand and the government of the special administrative region and Hong Kong residents on the other. The PLA has the tradition of "supporting the government and cherishing the people." The troops stationed in Hong Kong will put greater stress on this point. As I see it, apart from defense matters, the garrison will respect the instructions of the government of the special administrative region on issues concerning Hong Kong's society and residents. To embody the principle that "the mainland will not dispatch people to rule Hong Kong," the commander of the PLA troops garrisoning Hong Kong in the future will not necessarily become an "ex officio member of the Executive Council" as practiced under the British rule. Nevertheless, he can attend government meetings on relevant matters as a nonvoting delegate so as to coordinate work.

The Hong Kong people's worries on the garrison's relations with the residents are uncalled for. Making an issue of the garrison, some people say: Hong Kong people do not want to see PLA soldiers everywhere in the streets. In fact, on the mainland the PLA soldiers are required, in general, not to wear military uniforms unless they leave their camps on duty. It is believed that the troops garrisoning Hong Kong will strictly implement this requirement as a regulation. There will be regulations on the exit and entry of military camps and individual military personnel will not be allowed to leave their camps alone.

Moreover, now family members of many British soldiers are in Hong Kong. The garrison of the future special administrative region will allow only high-ranking military officers to bring along their family members to Hong Kong so as to reduce their influence on society.

**The Significance of Military Participation in the Preliminary Work Committee of the Preparatory Committee of the Hong Kong Special Administrative Region**

[CHING PAO] The the Preliminary Work Committee of the Preparatory Committee of the Hong Kong Special Administrative Region has been set up with the participation of a military representative, and, moreover, the military representative answered reporters' questions. What is the significance of such a move?

[Lo] This was the first time for the Chinese military to get directly involved in Hong Kong affairs. People have always been relatively sensitive to military involvement in Hong Kong affairs. The Chinese side has avoided igniting such mentality as far as possible. All statements on Hong Kong issues are made through diplomatic channels. As far as I know, the military's current statement on Hong Kong issues was only the second time this has happened. The previous one was made by Yang Dezhi, former chief of the General Staff, when the NPC was discussing the Sino-British Joint Declaration for approval, in which he officially announced garrisoning Hong Kong after 1997. The current participation of Xu Huizi, deputy chief of the General Staff in the Preliminary Work Committee was reportedly personally approved by Jiang Zemin, general secretary of the CPC. The substance of his answers to reporters' questions also underwent a serious study by the military. The Preliminary Work Committee was an organization set up by the NPC, which does not have diplomatic responsibility. Moreover, since the committee is aimed at making preparations for the establishment of the government of the special administrative region, it will surely touch on the garrison issue, which neither the Ministry of Foreign Affairs nor the Hong Kong and Macao Affairs Office has the right to handle. Therefore, it was logical for the military to assign its personnel to be on the committee.

Of course, military participation in the Preliminary Work Committee is also of broader significance. More than half of the committee's members come from Hong Kong. By participating in the committee's work, the military will be able to listen directly to the opinions of the Hong Kong people and learn to work together with its Hong Kong counterparts to accumulate experience for the officials of the future government of the special administrative region to work together in a coordinated way. As far as Hong Kong members are concerned, this is an opportunity for them to understand and familiarize themselves with high-ranking military officers. At the first committee session, through their contacts with General Xu Huizi, the Hong Kong members said that he got along well with them and was very happy to adopt some good suggestions.

[CHING PAO] Does the Chinese side have any special considerations in appointing Xu Huizi to be on the committee?

[Lo] Xu Huizi is the natural choice of people participating in the committee, because the garrison issue involves coordination between the General Staff Headquarters, the General Political Department, and the General Logistics Department. Since the 14th CPC National Congress, the three PLA general departments, which were led by the former General Political Department with Yang Baibing as their director, have been led by the General Staff Headquarters with Zhang Wannian as its chief of the General Staff. In fact, the General Office of the General Staff Headquarters takes charge of the work of the General Office of the Central Military Commission. An institution for studying the stationing of PLA troops in Hong Kong in 1997 is located in the General Staff Headquarters.

Xu Huizi is the executive deputy chief of the General Staff in charge of the work of the General Staff Headquarters. He is the only deputy chief of the General Staff who continued in office after big personnel changes were made in the higher echelons of military leadership following the 14th CPC National Congress. Xu Huizi took part in the Liberation War and rendered outstanding service. He has both combat experience and peacetime troop management experience. It has been learned that he is obliging, prudent, open-minded, and decisive in handling things. It is highly conducive to the study and settlement of the issues relating to the stationing of troops in Hong Kong after 1997 for him to be on the committee as the representative of the military.

**'Pro-Beijing' Man Buys Publishing Group Stocks**

HK1309070593 Hong Kong SOUTH CHINA MORNING POST in English 13 Sep 93 p 1

[Report by Ray Heath]

[Text] Malaysian businessman Robert Kuok Hock Nien yesterday signed an agreement worth almost HK\$2.7 billion to buy a 34.9 percent stake in South China Morning Post [SCMP] publishing group. The seller is Rupert Murdoch's News Corporation, which is reducing its holding from 50 percent to 15.1 percent. [Hong Kong AFP in English at 0323 GMT on 13 September also reports the sale and describes Robert Kuok as a "pro-Beijing Asian businessman."]

Kerry Media Ltd, described as an associate of Mr Kuok's Kerry Group, is paying US\$349 million for its holding, according to a statement that News Corp submitted to the Australian Stock Exchange yesterday. At Friday's [10 September] closing exchange rate of HK\$7.73, the stake is valued at \$2.697 billion. These terms put a value of HK\$7.73 billion on the Post group, which includes the South China Morning Post, Sunday Morning Post and Wah Kiu Yat Po.

At this price, SCMP shares are valued at around HK\$5.15 each—below the \$5.35 at which they were suspended on September 3, after hectic trade on the stock market. At the



time of the suspension it was announced that talks were taking place over the sale of News Corp's controlling interest in SCMP, and this would have meant a general offer would have been triggered under Hong Kong's Mergers and Takeovers Code. Now Mr Kuok is planning to buy a fraction under the 35 percent which would make a general offer obligatory.

The News Corp statement, issued by company secretary Keith Brodie, said the agreement was conditional on Kerry Media being satisfied that no general offer would be required, and clarification was being sought from the Executive and Panel administering the code. The length of the suspension prompted the Securities and Futures Commission last week to ask SCMP to make an announcement clarifying the company's position, so that trading might resume in the shares.

A Hong Kong Stock Exchange spokesman said last night that it would be looking for an announcement from the adviser to the deal this morning so that trading could resume as soon as possible. The deal, if confirmed, would mean that Mr Murdoch, as well as maintaining an interest in publishing in Hong Kong, would have formed a relationship with another key businessman in the territory. The News Corp chairman and chief executive already shares ownership of the STAR TV [Satellite Television Asian Region] group with Li Ka-shing, having bought a 64 percent interest from Mr Li and Hutchison Whampoa in July.

Mr Kuok, 69, has built extensive business interests in the region and China. The interests of his Kerry Group range from the Shangri-La hotel chain to public companies in Malaysia, where he is said to be a close friend of Prime Minister Dr. Datuk Sri Mahathir Mohamad.

He has been one of the most active overseas Chinese investors in the mainland and has good relations with Beijing. As well as large commercial and property developments in Beijing and Shanghai, Kerry Group has become involved in Coca-Cola bottling and oil and vegetable oil refining.

Mr Kuok's interests also control 32 percent of TVB [Television Broadcasts Limited], in which News Corp tried to buy a 22 percent stake in June but was frustrated by regulatory obstacles. Media watchers point out that STAR TV would benefit from access to TVB's extensive Chinese film library.

### Journalists Have 'Reservations'

HK1309071193 Hong Kong RTHK Radio Four in English 0500 GMT 13 Sep 93

[From the "News at One" program]

[Text] The Journalists Association has expressed reservations about the deal under which the Malaysian businessman Robert Kuok is buying a 34.9 percent stake in the SOUTH CHINA MORNING POST [SCMP]. The Association's chairman Daisy Lee said they were concerned

about the general issue of cross-media ownership and, in particular, about whether the Post's editorial independence might be affected.

[Begin Lee recording] Here in Hong Kong it's a free economy; anybody can buy in a newspaper. So we are not saying that a pro-China businessman should not buy a newspaper. But of course, I mean, with Mr. Kuok's background, a lot of people are concerned whether the SCMP will still remain independent, editorialwise, and also the content of the news. [sentence as heard] So this aspect we'll like to monitor—the content of the editorial and also the news content of the news of SCMP. But, at this point, we can't just jump to conclusions by saying that, because of Mr. Kuok's buying in the SCMP, then the SCMP would become independent [corrects herself] would become pro-China. [end recording]

### Profile on Buyer

HK1309072493 Hong Kong SOUTH CHINA MORNING POST in English 13 Sep 93 p 2

[Text] Robert Kuok Hock Nien's proposed venture into the world of newspapers and publishing through the purchase of a 34.9 percent interest in South China Morning Post [SCMP] (Holdings) Ltd would add yet another business to the long list of interests he has built up since launching his first company in Malaysia 46 years ago.

His latest deal, which, according to a statement issued in Australia by News Corporation, major shareholders in SCMP—is subject to negotiations with Hong Kong's regulatory authorities, comes at a time in his life when other men think of slowing down. In May, Mr Kuok, then 69, indicated his seat was now at the back of the boardroom, and that his sons, Khoon Chen and Khoon Ean, would be doing the steering. But giving up must be hard after having been the main decisionmaker for so long.

Mr Kuok began the construction of his corporate base in 1947. He had already entered the traditional family business of soft commodities—rice and sugar—after the war against the Japanese, but expanded into groceries and shipping. Today the Kuok interests extend throughout the region. There is still retailing and shipping, but the portfolio now includes hotels—the Shangri-La chain—mining chemicals, retailing insurance and property. Control of most can be traced back to the Kerry Group of companies, the intensely private umbrella under which the Kuok interests shelter.

In China, Kuok companies have emerged as one of the major direct investors in property and hotels. But they have also become involved in vegetable oils and oil refining. Among the most recent developments by Kerry, which sum up the opening of China to outside culture as well as investment, are a series of joint venture bottling projects with Coca-Cola.

Mr Kuok is hardly the barefoot emigre made good. His family moved down to Johor from Fujian, but his father, Kuok Yam Kam, had done well enough in the commodities business for his son to attend the highly rated Raffles

Institute in Singapore. One of his classmates was an ambitious Chinese called Lee Kuan Yew.

Back in the family business after the war, the Kuok son showed he had the right business instinct. And by the mid-60s had emerged as a major force in the sugar business—the locals dubbed him the Sugar King. It was in this business that the Chinese would have first noticed the man with Fujian roots. In 1962, he found himself in a struggle for the sugar market with the Chinese, who were desperate to earn foreign exchange through Malaysia.

Mr Kuok sourced from India at a lower price, and beat off the Chinese, but he had earned sufficient respect from them to win agencies for cameras, refrigerators and dyeing materials. This was the beginning of Mr Kuok's move back towards the homeland, although his first shift of base was from Malaysia to Singapore, where in 1971, he established the Shangri-La hotel.

Three years later he started to put down corporate roots in Hong Kong arriving here in 1975, and establishing the Shangri-La hotel in Tsim Sha Tsui in 1977. He rapidly became a big investor in the territory through his Kerry Group, which one analyst described as a wheel of many spokes with Robert Kuok as the hub.

The Kuok influence is felt in TVB [Television Broadcasts Limited], in which Kerry has a 32 percent stake, and Mr Kuok and his son Khoo Chen sit on the board. This holding would have been dramatically reduced if News Corporation's attempt to take a 22 percent holding in TVB had not fallen through in July. There is also a 15 percent stake in the Western Harbour Tunnel Consortium, a 10 percent holding, recently reduced from 13 percent, in CITIC Pacific—the locally quoted arm of the mainland China investment vehicle and an interest in Aberdeen Marina.

But like so many overseas Chinese, Mr Kuok has been strongly drawn to the mainland by the opportunities offered by Deng Xiaoping's capitalist revolution. While hotels and property have been among his major investments, Mr Kuok is not one of those who have concentrated on the rapid profits that appear possible from real estate. He has plunged into industrial projects, such as the US\$ 100 million (HK\$774 million) investment made by Kerry Oil and Grains in vegetable oil plants around the country.

But some of his property ventures have been truly ambitious—if not always successful. In March this year, he pulled Kerry out of a HK\$ 1 billion project to redevelop Beijing's Wangfujing shopping district reportedly because of differences with the local partner. Despite that pullout, and the austerity programme, the Kerry group is committed to its major developments in China. Mr Kuok has said.

Rarely a man to speak out in public, Mr Kuok broke his silence earlier this year to set out his investment philosophy for China. "The reason for investing in China is threefold, first, to show that capitalists are not unscrupulous businessmen, there is something good in them; second, the investments will help modernise China; and

third, by promoting economic prosperity, the mainland will improve day by day, it will become better and more progressive," he told a pro-Beijing newspaper in Hong Kong.

But while he added that his heart was split between his family's homeland, and the Malaysia where he grew up, he had great regard for the advantages of Hong Kong. "As a Chinese businessman, there is nowhere in the world which is comparable with Hong Kong. This is really a good place to set up business headquarters. Hong Kong's rule of law by international standard is good, the Government exercises effective management. After the principles are established, you are free to do business without interference. It is a bad habit of the Chinese people to intervene. We should change this."

As for 1997, he professed to be sanguine: "I am not worried. I hope the central Government in Beijing will uphold the 'one country, two systems' policy and make it successful. I am confident of this."

#### **Publishers' Group Fears Post-1997 Censorship**

HK1509080693 Hong Kong THE STANDARD in English 15 Sep 93 p 4

[Report by Dominic Lau]

[Text] Fears have been voiced that Beijing could enforce media censorship in Hong Kong after 1997 through a system of licensing. The Society of Hong Kong Publishers yesterday called on the government to close what it described as a loophole in the Basic Law. Society chairman Jack Maisano told legislators that Article 142 could be used to enforce media censorship. The article allows government to regulate professions, such as medical and accountancy, to maintain certain professional standards.

"We are against the institutionalisation of qualifications for journalists or publishers," Maisano said. But Liberal Party legislator Peter Wong said the right of government to regulate the media had merit. Society of Publishers vice chairman Cyril Pereira argued there were already adequate safeguards in place.

May Chan, spokesman for the Hong Kong News Executive Association, said if news reporting was not considered accurate people would lose trust in the media. But Liberal Party legislator Selina Chow was not convinced there was sufficient control. Chow said although there were legal provisions, such as libel laws to protect individuals from false and unfair coverage, it was often too late to salvage damage caused by false or misleading reporting.

#### **Writers Try 'Self-Censorship'**

HK1509071593 Hong Kong SOUTH CHINA MORNING POST in English 15 Sep 93 p 3

[Report by Linda Choy]

[Text] Many journalists are practising self-censorship because they fear retaliation by China after 1997, a leading industry figure warned yesterday. The chairman of the Newspaper Society of Hong Kong, Shum Choi-sang, told

the Legislative Council's information policy panel the situation might worsen during the transition period because Hong Kong lacked legal protection for a free press. He estimated about 70 per cent of journalists were worried about whether they could continue to work in a free environment with a Basic Law that offered little protection.

"The Basic Law is not clear about protection for the freedom of the press, all it mentions is protection for freedom of speech. It is up to the future Special Administrative Region (SAR) Government to interpret the clause," he said. "I hope the Government will discuss the issue with China and clear up the worries and doubts of the industry, so it can operate in a more neutral manner without having to stick to the government line all the time." He said an affirmation for press freedom was needed because many reporters did not share China's view of the Tiananmen Square massacre in 1989 and other issues.

While representatives of the media in yesterday's meeting expressed concern about maintaining a diverse press, Mr Shum said attention should first focus on media ownership. "It is important to take note of the political thoughts of (those in charge). The situation is that those who are pro-communist are not going to hire reporters who are anti-communist," he said. Legislators at the meeting said they were concerned about the quality of news reports and called for the profession to set up a monitoring body. But the proposal received a lukewarm response from the Hong Kong News Executives Association and the Hong Kong Journalists' Association (HKJA). HKJA chairman Daisy Li Yuet-wah said the association had reservations about the setting up of a press council. "Given the unique factor that Hong Kong will be returned to China in a few years, we think that we have to consider the setting up of such a

body more carefully," she said. "We have to make careful consideration about whether the council will promote a free press or limit it." Speaking for the Hong Kong News Executives Association, May Chan Sukmei said any incorrect reports in the press would be subject to public criticism. "There is no way for newspapers to get away with it," she said.

Concern was also raised about Article 142 of the Basic Law which allows the SAR government to "formulate provisions on its own for assessing the qualifications for practice in the various professions". Jack Maisano, of the Society of Hong Kong Publishers, said the Government should clarify with China whether the article would be extended to the press. Ms Chan said while it was important to protect private information, it was also necessary to exempt journalists from the restrictions of the act.

—The HKJA last night urged the Government to review its policy on cross-media ownership following the agreement by Robert Kuok Hock Nien to buy a 34.9 per cent stake in South China Morning Post Publishers. It said the deal, if approved, would "set a dangerous precedent" of cross-ownership between the broadcast and print media. Mr Kuok holds 32 per cent of Hong Kong broadcaster TVB. The HKJA is concerned cross-ownership would reduce the diversification of information and eventually affect the freedom of the press. It said the Government should enact laws to stop such deals as soon as possible. The HKJA statement also referred to speculation about possible changes in the editorial line of the South China Morning Post as a result of the proposed change in ownership. Chairman Miss Li said: "We will watch closely any changes in SCMP editorial policy after the newspaper is taken over by Mr Kuok, a pro-China figure."

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